



Storebrand Capital Markets Day 2018

Compelling combination of self-funded savings growth and capital return from maturing guaranteed back-book

Important information:

This document may contain forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that may be beyond the Storebrand Group's control. As a result, the Storebrand Group's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in these forward-looking statements. Important factors that may cause such a difference for the Storebrand Group include, but are not limited to: (i) the macroeconomic development, (ii) change in the competitive climate, (iii) change in the regulatory environment and other government actions and (iv) market related risks such as changes in equity markets, interest rates and exchange rates, and the performance of financial markets generally.

The Storebrand Group assumes no responsibility to update any of the forward looking statements contained in this document or any other forward-looking statements it may make.

Agenda

	Topic	Presenter
09:00	Accelerating Nordic Savings Platform	Odd Arild Grefstad, CEO
09:40	People First – Digital Always: A customer-centric digital business model enabling growth and profitability	Heidi Skaaret, EVP
10:00	Occupational pensions: Preferred pension provider and new opportunities	Staffan Hansén, EVP
10:20	Digital first retail strategy: A personalised and scalable business model	Wenche A. Martinussen, EVP
10:40	Break	
10:50	Fast growing Nordic asset manager with European presence	Jan Erik Saugestad, EVP
11:10	Increasing return to shareholders	Lars Aa. Løddesøl, CFO
11:50	Q&A	Storebrand Management Team

Accelerating Nordic Savings Platform

Odd Arild Grefstad, CEO





Key Takeaways

- Delivered on financial targets
- Well positioned to capture capital light and profitable savings growth
- Back book capital consumption has peaked: increased capital return to shareholders



Storebrand - An Integrated Financial Service Group

Insurance

- Health, P&C and group life insurance
- NOK 4.4bn in portfolio premiums

Asset Management

- NOK 707bn in AuM of which 33% external assets
- 100% of investments subject to sustainability screening

Pension & Savings

- 40k corporate customers
- 2m individual customers
- NOK 455bn of reserves of which approx. 40% Unit Linked

Retail Bank

- Internet Bank
- NOK 43bn of net lending

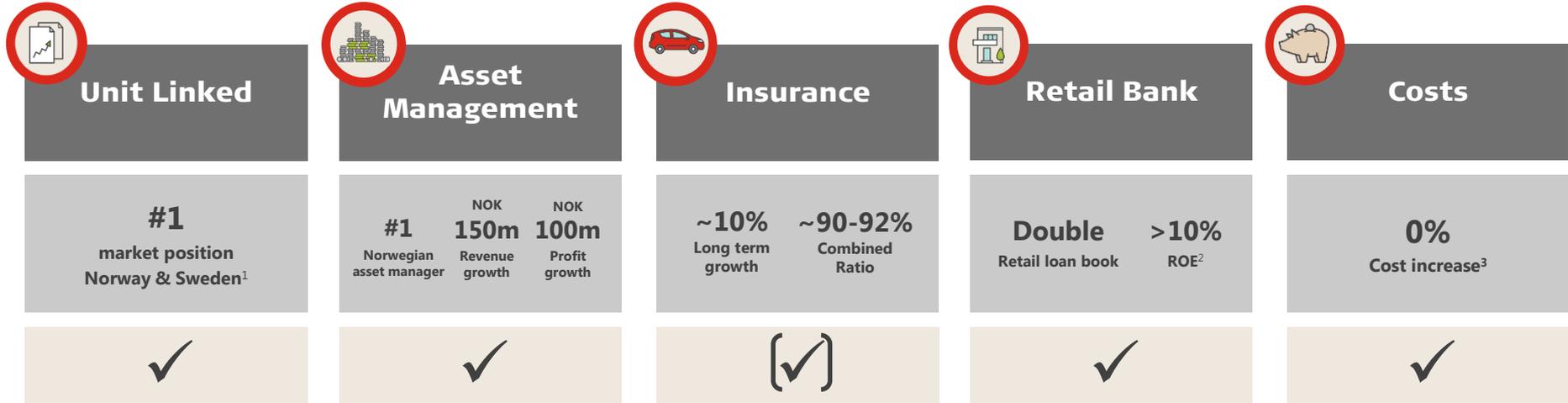


- Capital synergies
- Customer synergies
- Cost synergies
- Data synergies

Delivered on Financial Targets as presented at CMD 2016

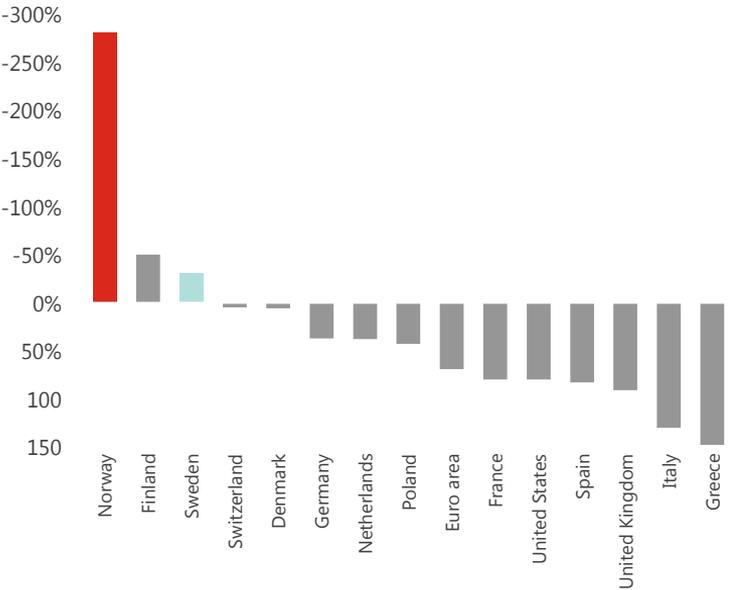
	Target	Status 2017	
 Return on equity ¹	> 10%	11%	✓
 Dividend pay-out ratio ¹	> 35%	40%	✓
 Solvency II margin Storebrand Group ²	> 150%	172%	✓

Delivered on Operational Ambitions as presented at CMD 2016

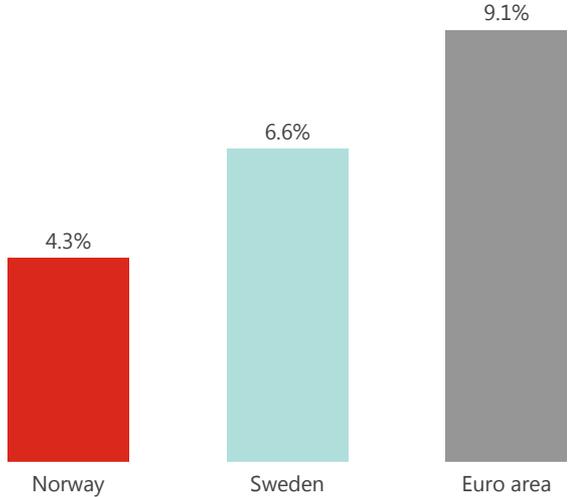


Solid macro environment supporting growth in Nordic pension market

Government net debt ratio as % of GDP¹

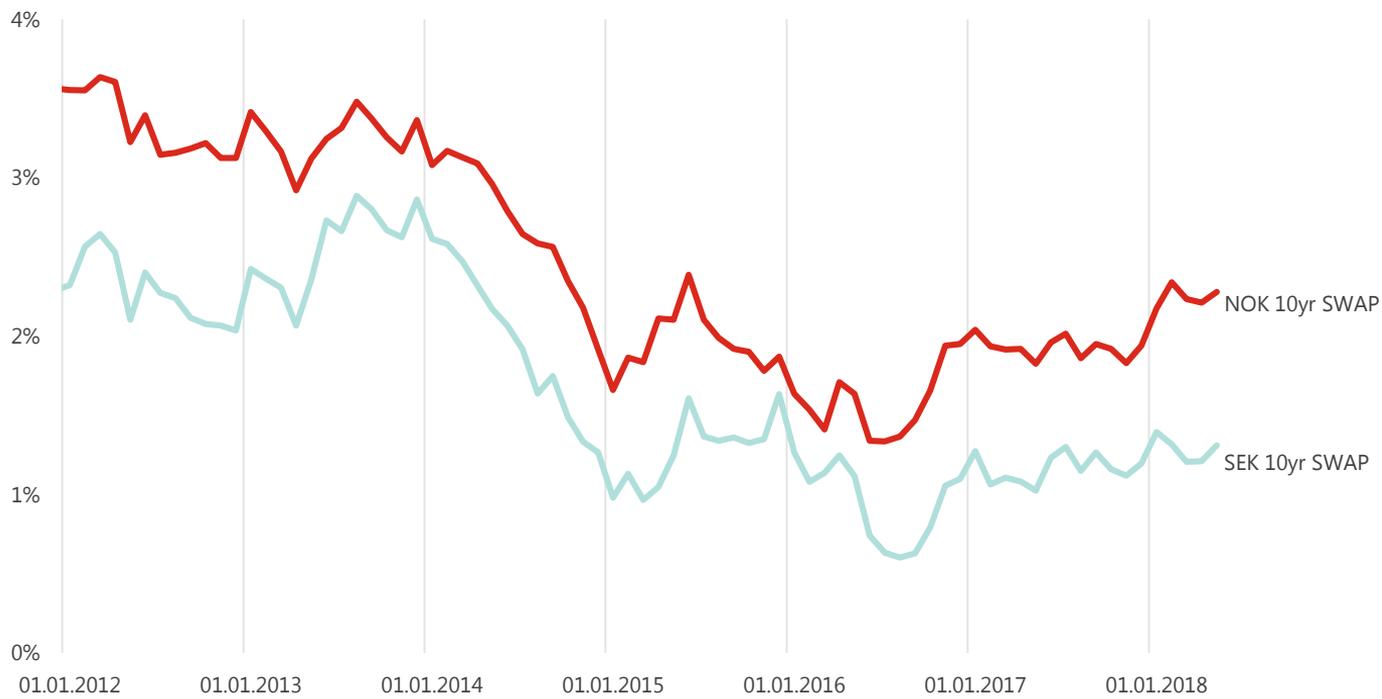


Unemployment rates¹



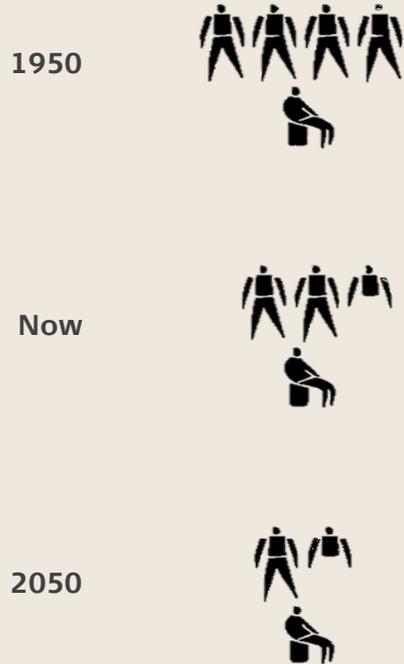
¹ OECD Economic Outlook database, November 2017.

Interest rates rebounding from record lows

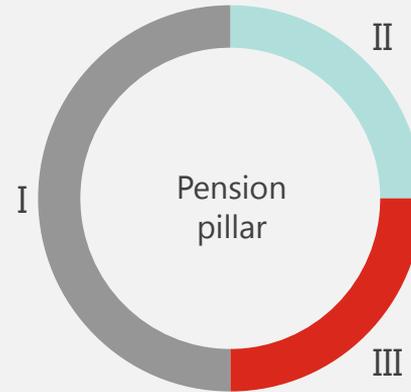
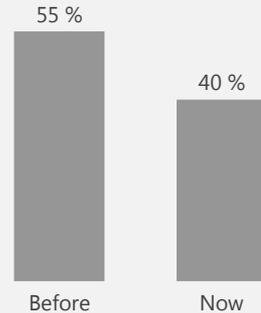


Demographic change has driven pension reforms in Norway with opportunity emerging in retail savings

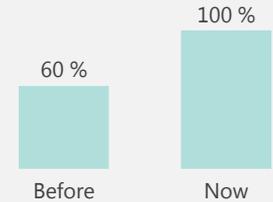
Workers per pensioner



Public pension replacement rate¹



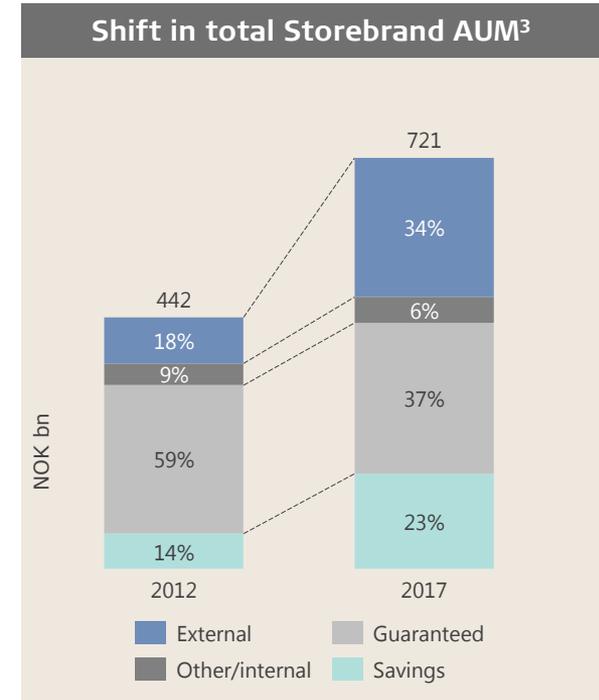
Occupational pension coverage²



Retail savings (AuM, bn NOK)³



Successful transition – with more to come



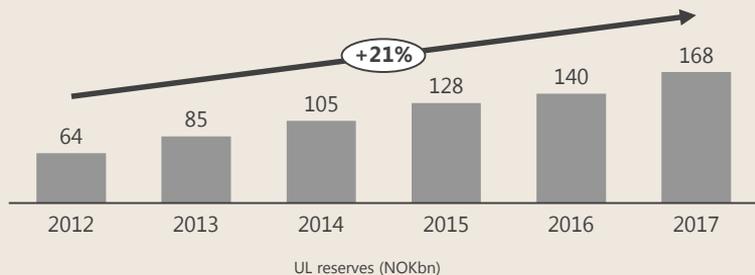
¹ Pension premiums in Guaranteed products, Insurance and Unit Linked products, Storebrand Group.
² Profit before amortisation. "Guaranteed" includes "Other" segment.

³ Savings: Unit linked reserves, Guaranteed: Guaranteed reserves, External: External AUM in Storebrand Asset Management, Other/internal: residual group internal AUM including company portfolio.

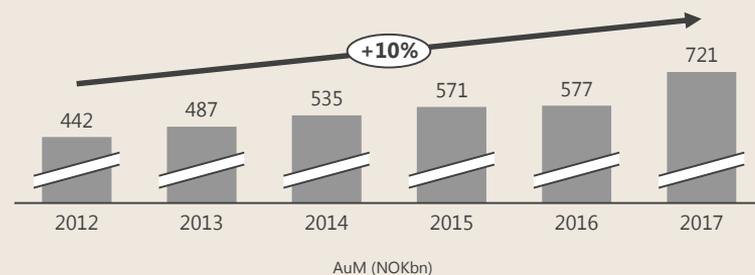
Growth in Savings and Insurance



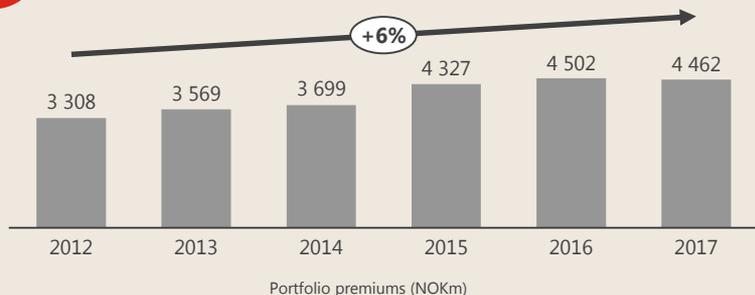
Unit Linked



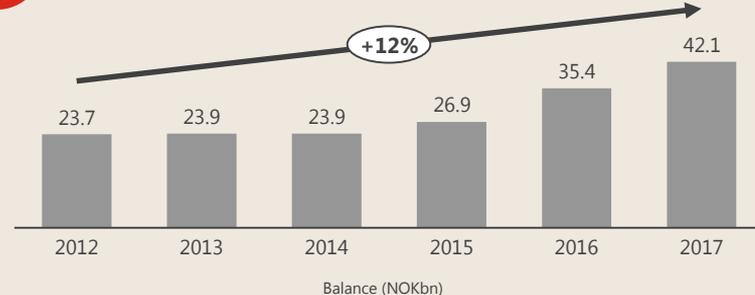
Asset management



Insurance



Retail bank



A holistic sustainable strategy...

Tangible and intangible input factors material for Storebrand - creating value for shareholders and society



Linked to UN's sustainable development goals



...creates the backdrop for our financial strategy

1

Build a world class Savings business - supported by Insurance

A

Leading position Occupational Pension

B

Uniquely positioned in growing retail savings market

C

Asset manager with strong competitive position and clear growth opportunities

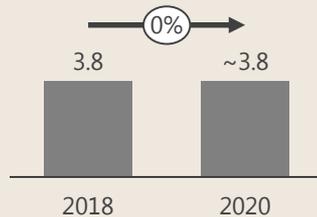
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Bolt-on M&A

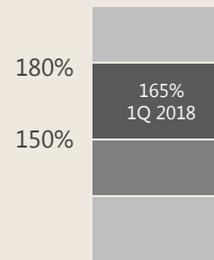
2

Manage balance sheet and capital

A. Cost discipline



B. SII capital management framework



C. Increased return



Manage for capital release and increased dividend pay-out ratio

Compelling combination of **self-funding growth** and **capital return** from maturing guaranteed back-book

Build a world class Savings business

- Supported by Insurance

A

Leading position Occupational Pension

- Double digit pension market growth
- Diversified profits from insurance
- Selective use of balance sheet to offer capital efficient solutions and new growth
- 40 000 corporations and 2m policyholders

B

Uniquely positioned in growing retail savings market

- Double digit retail savings market growth
- Diversified profits from insurance and bank
- Customer synergies in a more individualized occupational pension market

C

Asset manager with strong competitive position and clear growth opportunities

- Strong customer synergies co-investing with life companies
- Scalable operating platform
- Strengthen international institutional capacity
- Broader commercialization of sustainable funds

D

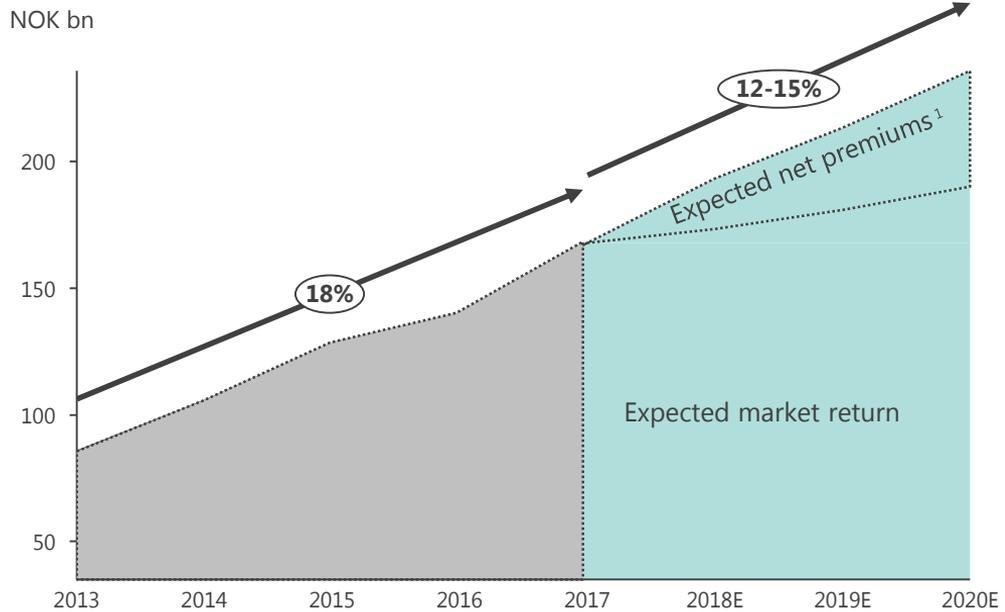
Bolt-on M&A

- Strong growth in existing operational platform
- Selective M&A for value creating growth



Net premiums and market return drive AuM growth

AuM development Unit Linked



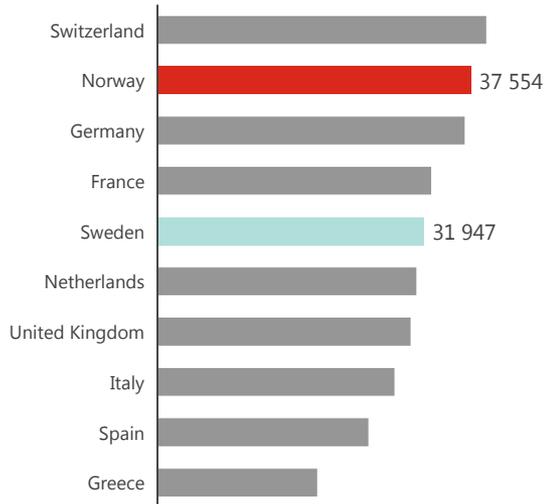
Drivers of expected net premiums

- Majority of premiums generated by active policies
- Growth driven by:
 - Increased salaries and savings rates
 - Population growth
 - Age distribution of policyholders
 - DB conversions
 - New sales
 - New retail savings products
 - Positive transfer balance
 - Market returns

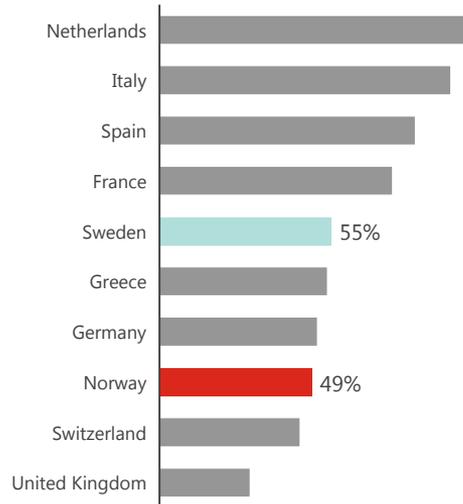
¹ Premiums net of claims. Includes Silver in 2018

Moderate replacement rates and a wealthy population with an overweight in bank deposits fuel growth potential in retail market for savings

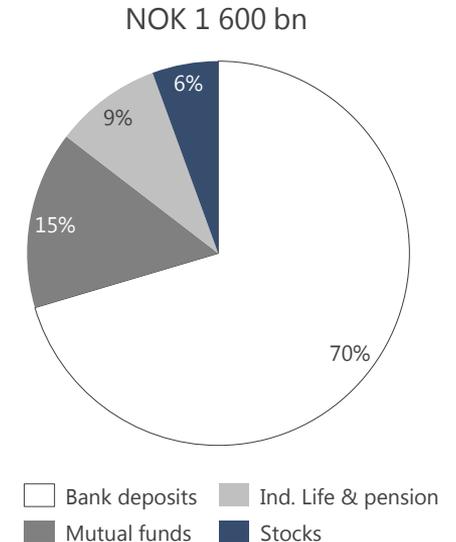
Household disposable income¹



Net replacement rate²



Household financial assets Norway³



¹ OECD (2018), Household disposable income (indicator), Gross adjusted, USD 2016.

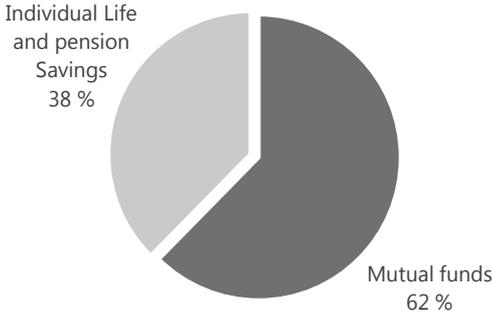
² OECD (2017), Pensions at a Glance 2017: OECD and G20 Indicators. Net mandatory public and private pension replacement rates, average earner.

³ Bank Deposits: SSB (2016) Formuesrekneskap for hushald – Bankinnskot. Mutual funds: VFF (2017)

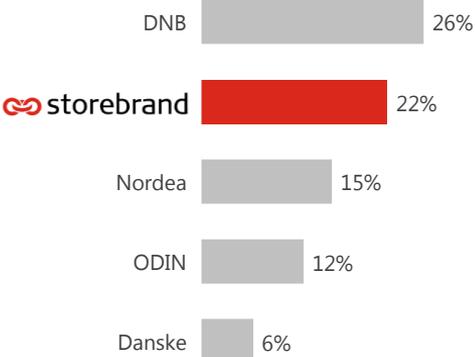
Norske personkunder – Forvaltningskapital. Stocks: VPS ASA (2017) Eierfordeling i børsnoterte selskap – Aksjer – Lønnstakere o.a., Ind. Life & Pensoin: see next page

Norwegian pension market becoming a retail market – Storebrand is well positioned to capture growth

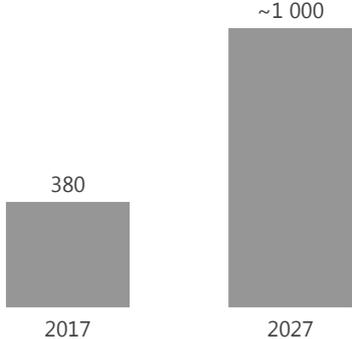
Retail savings market expanding



Market share, AuM

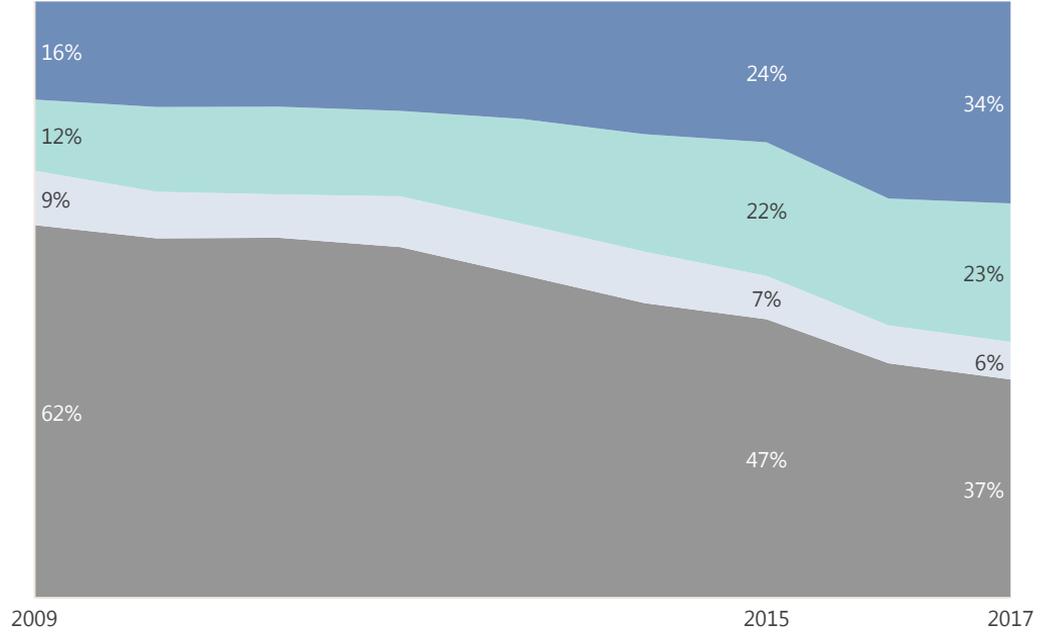


Double digit growth expected (AuM, NOK bn)

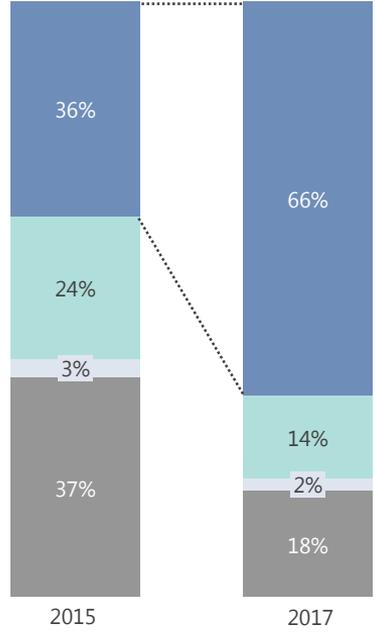


Increased external share in Asset Management

AuM mix



Revenue mix¹

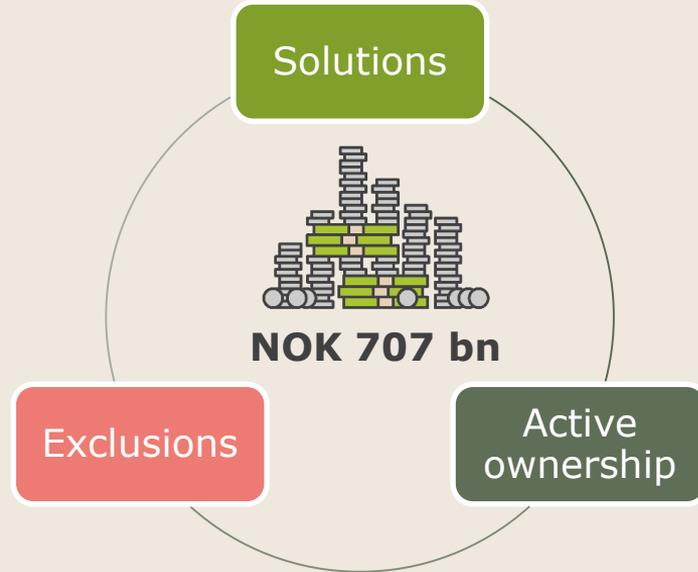


External Unit Linked Other Guaranteed

¹ Revenue & AuM include Skagen from 01.01.2017 proforma

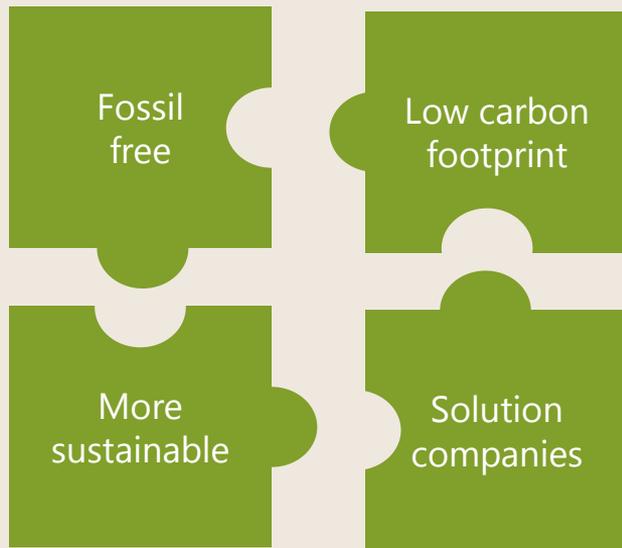
Sustainability at the core of our business

NOK 707 bn AuM aligned to contribute to the UN Sustainability Goals

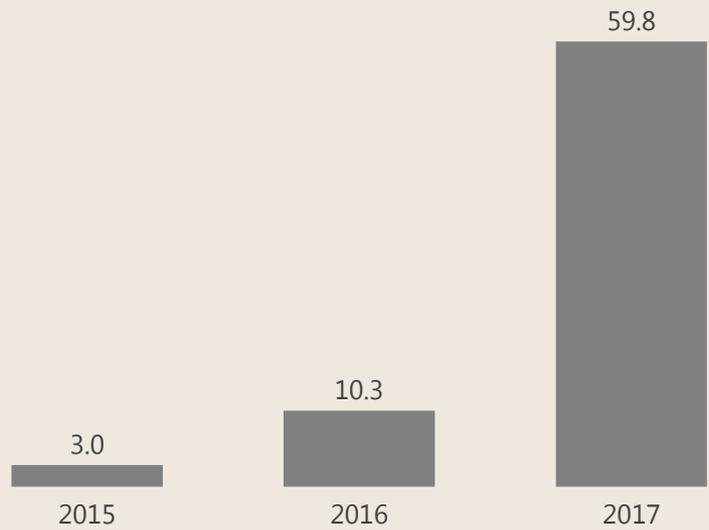


All assets under management are subject to sustainability screening

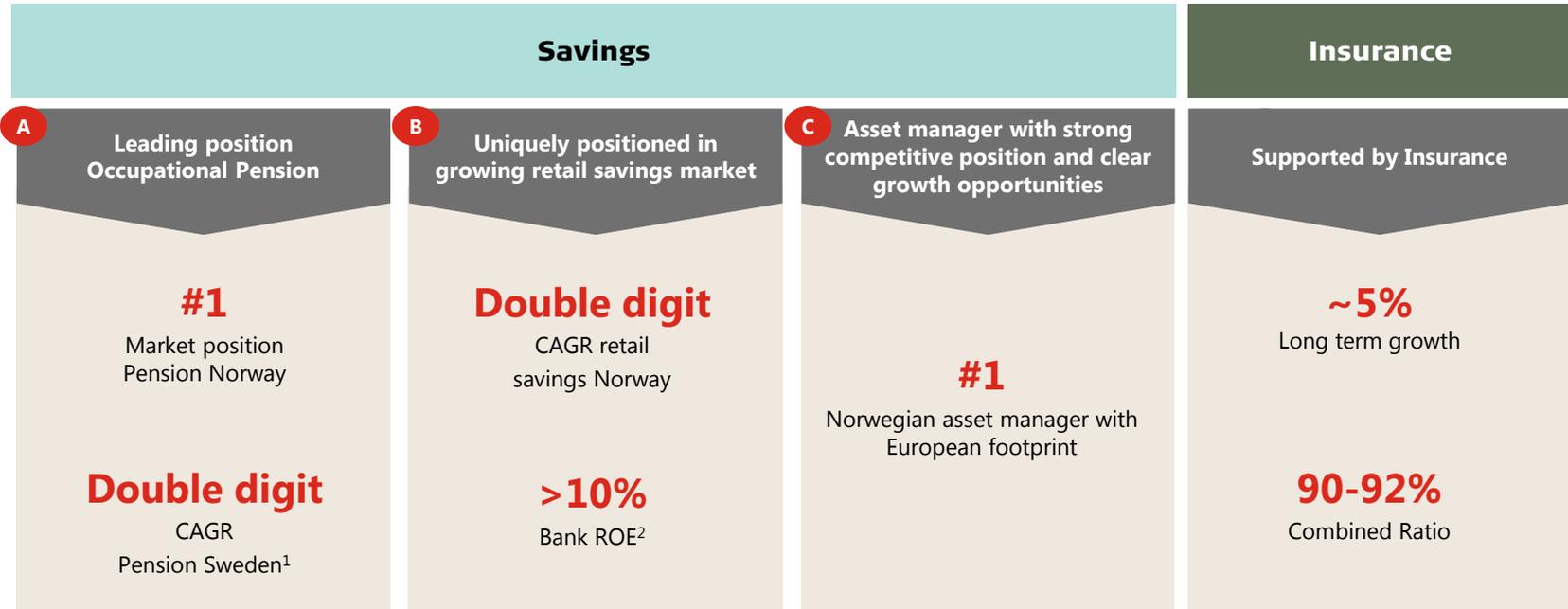
Commercialising **Sustainability Enhanced Solutions**: Fossil free funds drive AuM growth



AUM Sustainability Enhanced, NOK bn



Ambition: Build a world class Savings business supported by Insurance



Significant difference in capital consumption and return profile between old and new business

ILLUSTRATIVE

	Savings	Insurance	Guaranteed ³	Group
IFRS earnings ¹ (NOKm)	1 552	638	982	3 172
Allocated Equity ² (NOKbn)	5.5	2.0	23.6	31.1
Pro forma RoE adj(%) ⁴	31%	36%	5%	11%

The equity in the Group sits within different legal units. This allocation of equity is done on a pro-forma basis to reflect an approximation to the IFRS equity consumed in the different reporting segments after group diversification. The estimated allocation is based on the capital consumption under SII and CRD IV adjusted for positive capital contribution to own funds. The Insurance segment has been allocated an increased capital level which is more in line with long-term expected diversification effects.

Ambitions Capital

Base case:

Release capital from the business

2021

Expected start of capital release as dividends
when S2 ratio >180%

~NOK 10 BN

Back book capital release until 2027

Dividend policy

- Dividend of more than 50% of Group result after tax.
- Ambition is to pay ordinary dividends per share of at least the same nominal amount as the previous year.
- Ordinary dividends are subject to a sustainable solvency margin of above 150%.
- If the solvency margin is above 180%, the Board of Directors intend to propose special dividends or share buybacks.

Financial Targets

	Target
 Return on equity ¹	> 10%
 Dividend pay-out ratio ²	> 50% & nominal growth
 Solvency II margin Storebrand Group ³	> 150%

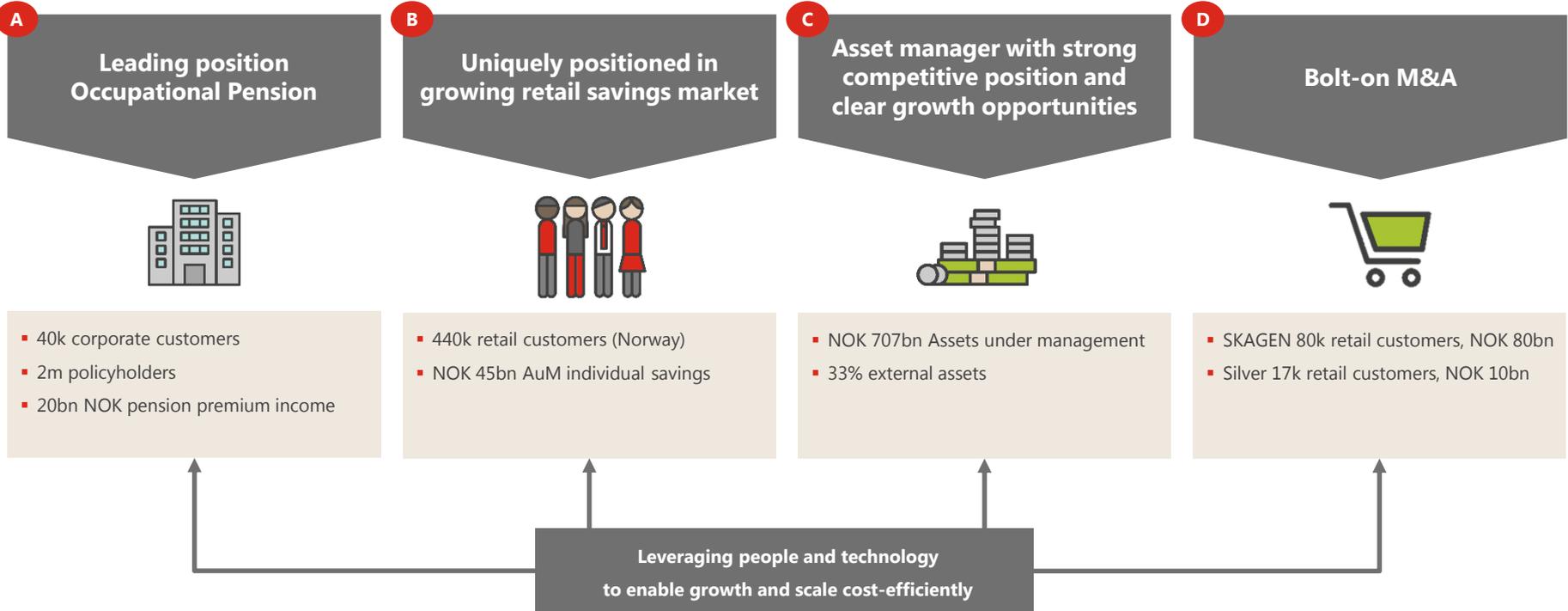
People First – Digital Always

A customer-centric digital business model
enabling growth and profitability

Heidi Skaaret, EVP



A customer-centric digital business model enabling growth and profitability





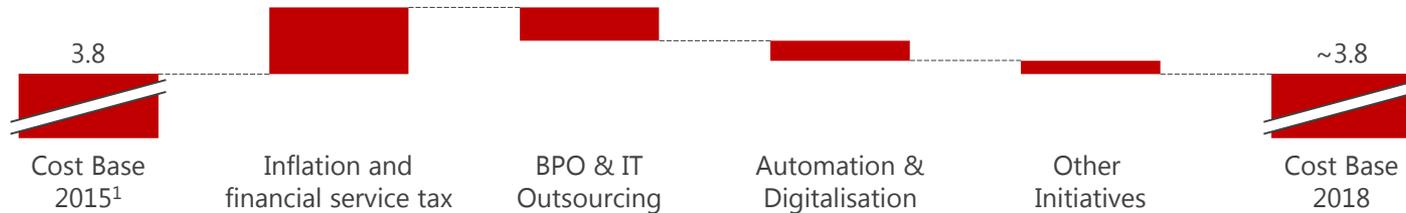
Key Takeaways

- Well positioned for growth through a digitally advanced and scalable technology platform
- Continuously adapting and developing an agile and customer-centric organization
- Strong record of cost control with continued ambition to keep costs nominally flat

Cutting costs while growing business volumes in a changing savings and pensions market

Significant cost reductions to keep cost base flat ...

Operational costs, NOK bn

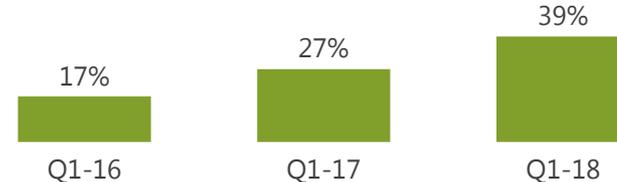


... in a period with strong business growth and digital sales

Group AuM, NOK bn

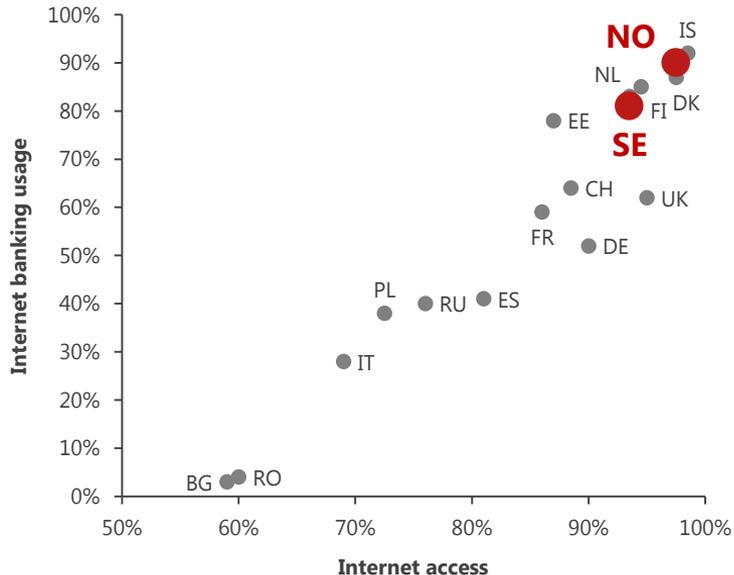


Share of retail sales in digital channels



A frontrunner operating in a digitally mature market in the Nordic region

Digital Market Maturity¹



Digital Business Model²

98%

... of B2B customers maintain pension contracts through digital solutions

94%

... of health declarations are processed through digital channels

97%

... of pension certificate transfers are processed straight-through

70%

... of requests for starting pension withdrawals are processed automatically

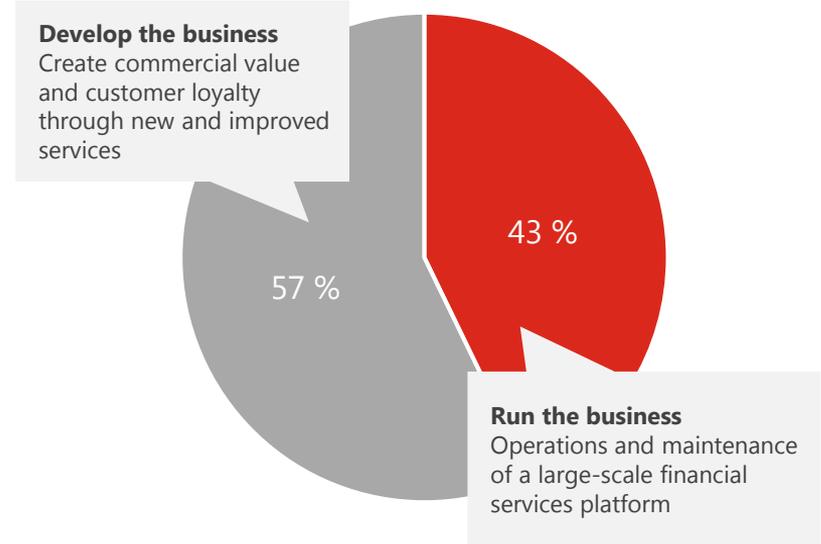
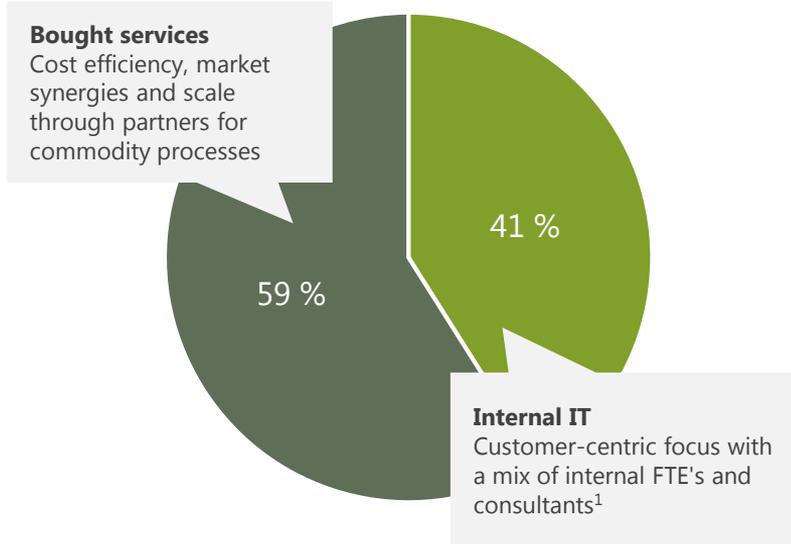
50%

... of customer chat requests are handled by AI-driven robot

A clear distinction between **commodity** and **differentiation** – enabling **investments** and **growth**

Commodity IT is outsourced
for cost-efficiency

The majority of IT spend
is focused on new development



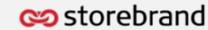
Digital transformation to **renew the core** – **reducing costs** and **enabling business growth**

Digitising Pension



- 1 Digital to the core**
Customers are self-serviced through portals
▶ **100%**
Of customer **fund switches** for unit link products are managed through digital solutions
- 2 Process automation**
Straight-through-processing capabilities
▶ **85%**
Of maintained pension contracts **processed straight through** our system stack
- 3 Cost reductions**
Through core renewal programmes
▶ **40%**
Reduced cost base for Swedish processes (from 2021)

Future Savings Platform



- 1 Cost Reductions**
Deliver cost synergies as communicated to the market
▶ **50 MNOK**
Yearly opex reductions
- 2 Enabler for growth**
Analytics-based platform for customer development
▶ **>10% CAGR**
Business growth
- 3 Development synergies**
Cost-sharing of developing new platform capabilities
▶ **Shared**
platform synergies

Creating **tangible business value** from emerging technology within the **analytics and digital** space

Analytics & Machine Learning

Customer development and underwriting

Data

Digital Trust based data extraction



166%

Increase in # of NBA sales from 2017 to 2018

Insight

Cloud-based advanced analytics



347%

Increase in customer interactions from 2017 to 2018

Action

Multi-channel customer journeys



+29%

Customer satisfaction when using NBA

Digital & Mobile Channels

Health Insurance value chain digitised on one platform



72%

Of all referrals are digital



68%

Of all claims are digital



54%

Net promoter score 2017

The **agile, customer-centric** organization is **purpose driven** with **new ways of working**

New ways of working



Purpose Driven



Employee Engagement



Learning Culture



Digital Garden



Agile Methods



Sandbox Program

Innovation, agility & speed

20+

Autonomous teams in Norway & Sweden

10+

Pitches made to Digital Investment Board

~10

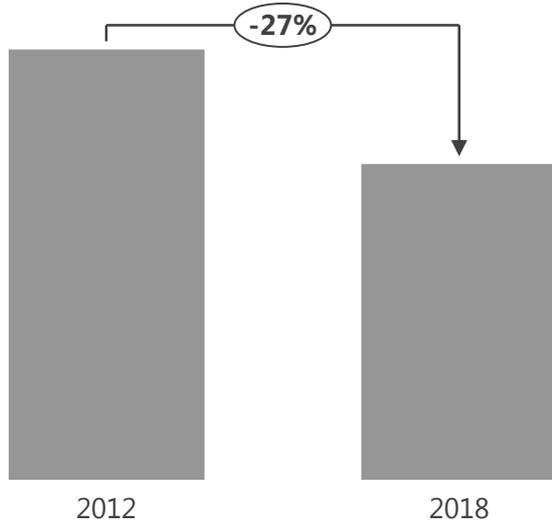
Daily automated deploys in digital layer

148

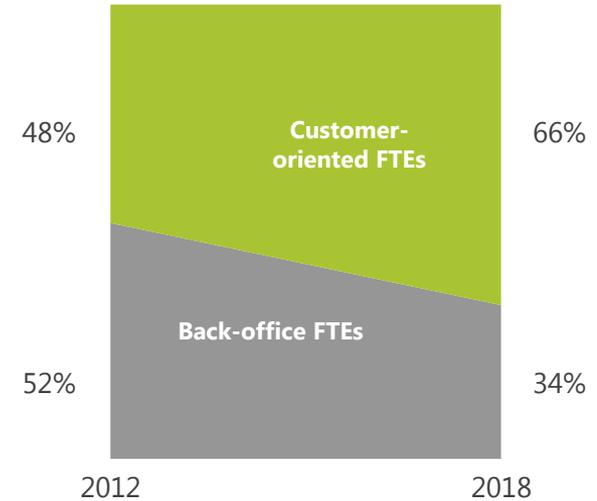
External innovation talks hosted

Cost reductions from **sourcing and automation** with a strong shift towards **customer-oriented capabilities**

Reduced FTE headcount

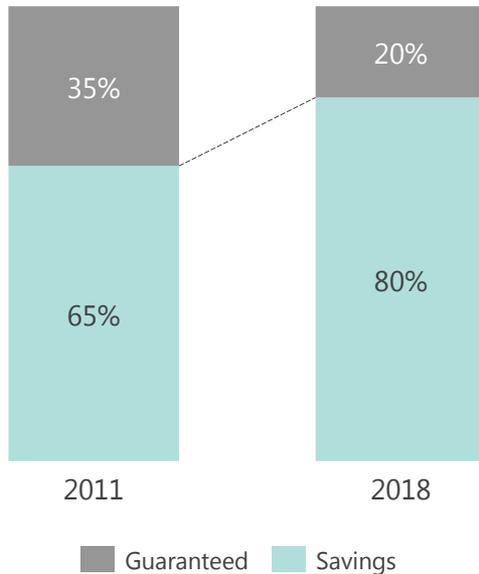


Competency shift¹



Resource re-allocation **from guaranteed back-book** to **capital-light growth** products

Resource allocation¹



Capital release under Solvency II



Allows for focus on growth initiatives



Resource re-allocation will continue

Regulatory changes to **protect, empower** and **transform** are managed within the existing budget



GDPR



Purpose
Protect and empower customer with regards to data privacy



Implementation
Centralised programme to ensure compliance in all business processes



Opportunity
Create competitive advantage through Digital Trust



MiFID II & IDD



Purpose
Ensure right investment and insurance advice



Implementation
Revamped advisory tools and services to ensure compliance



Opportunity
Analytics and robo-advisors to identify customer needs



PSD 2



Purpose
Open infrastructure for competition and innovation in banking



Implementation
Service model for banking in place – platform adaptation by vendor



Opportunity
Leverage new business ecosystems like the partnership with Dreams

The way ahead – **profitable growth** coupled with **strong cost control**

A range of initiatives are creating profitable growth ...



**M&A
Activities**



**Platform
Programs**



**Digitisation &
Innovation**



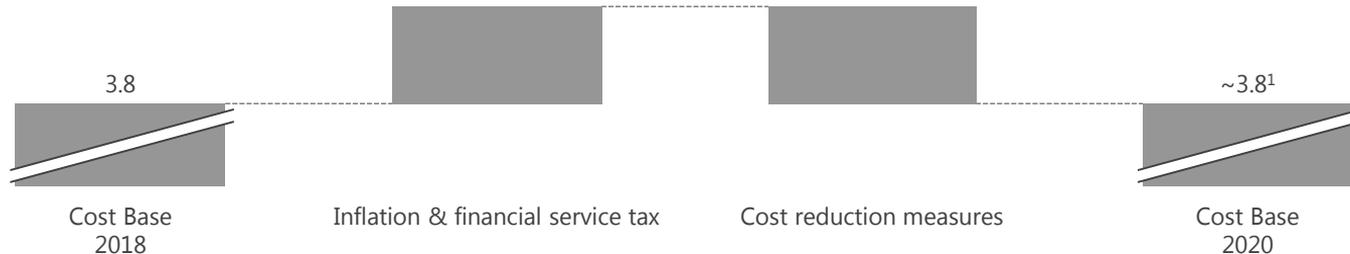
**Automation &
Robotics**



**Global
Partnerships**

... with the ambition to keep the cost base flat on existing business in 2020

Operational costs, NOK bn



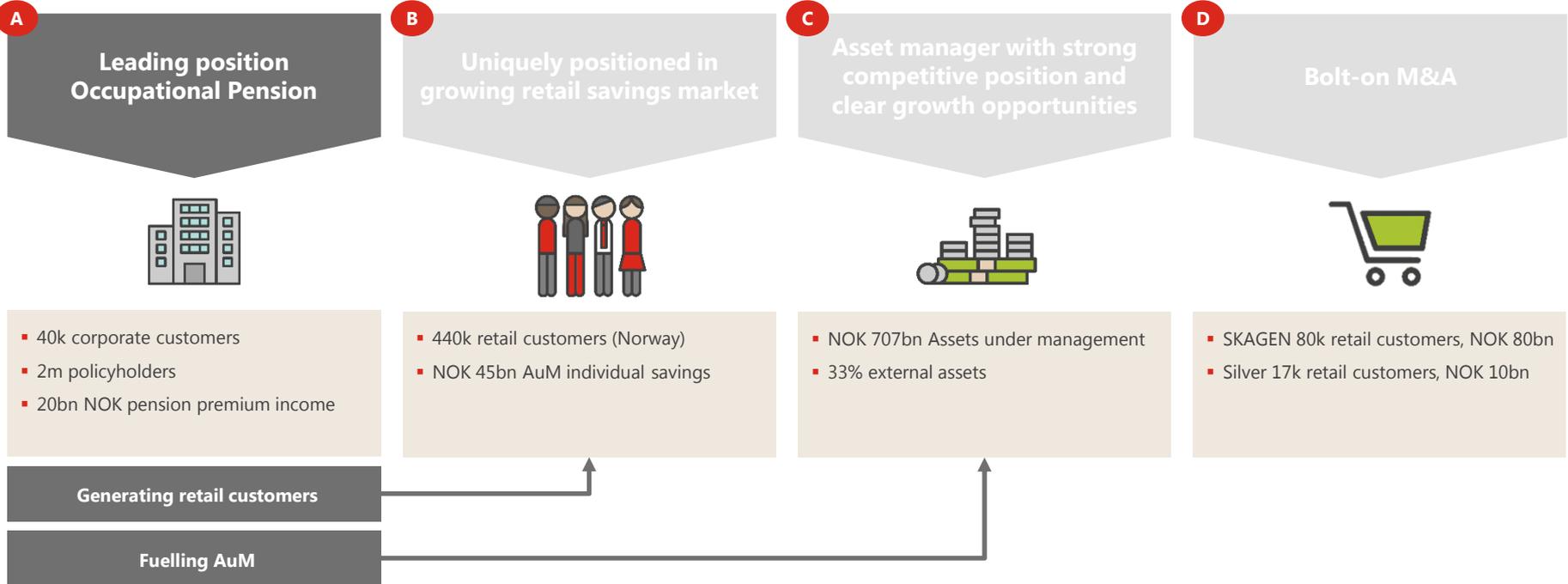
Occupational pensions

Preferred pension provider
and new opportunities

Staffan Hansén, EVP



Leading position in Occupational Pension

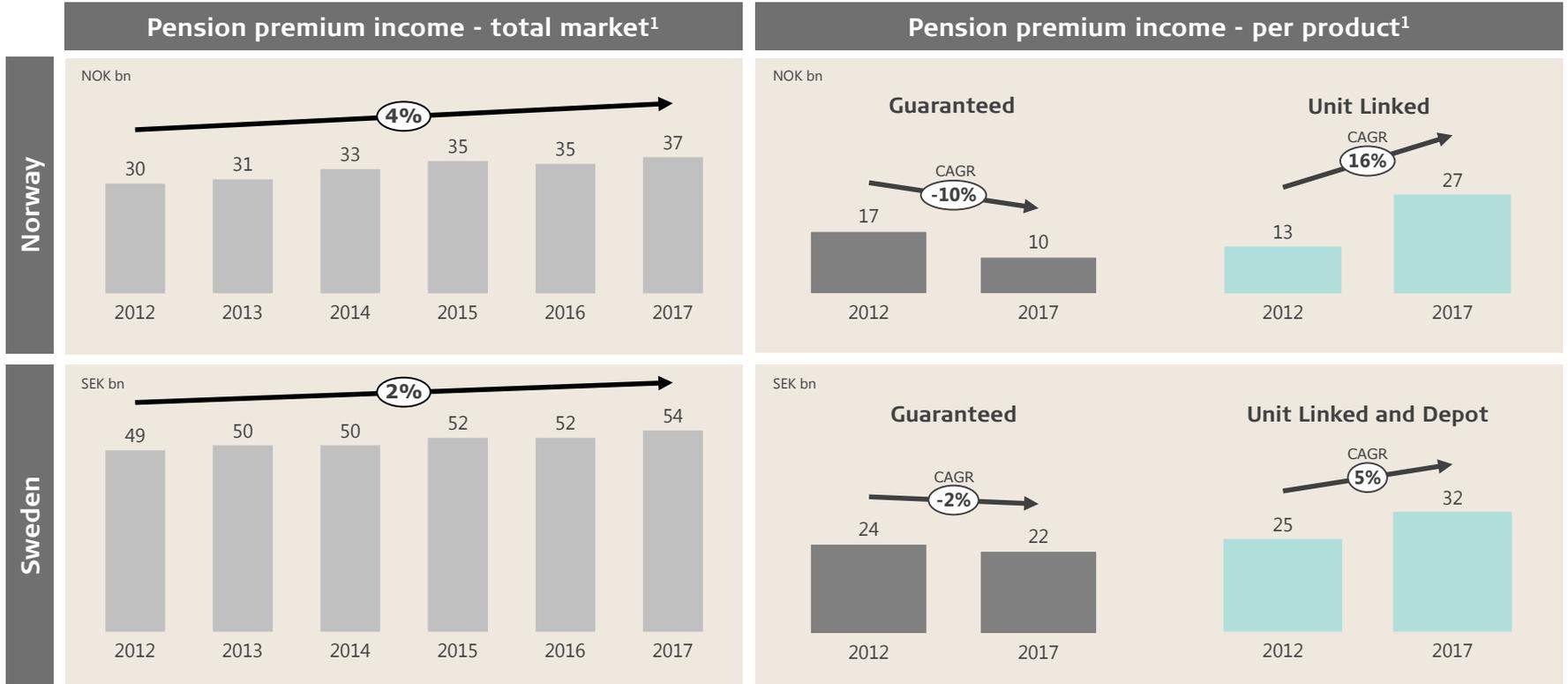




Key Takeaways

- Strong profit growth driven by savings, insurance and cost reductions
- Attractive structural market growth with new opportunities
- End-to-end digitalisation securing competitive edge

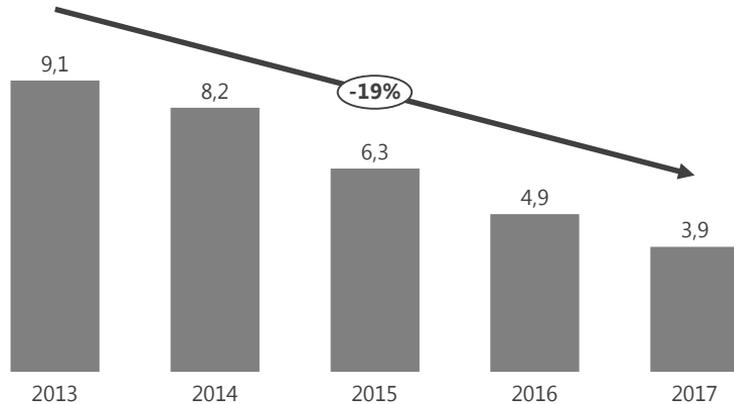
Attractive and growing occupational pensions market



Storebrand has rapidly shifted from old guarantees to capital light savings...

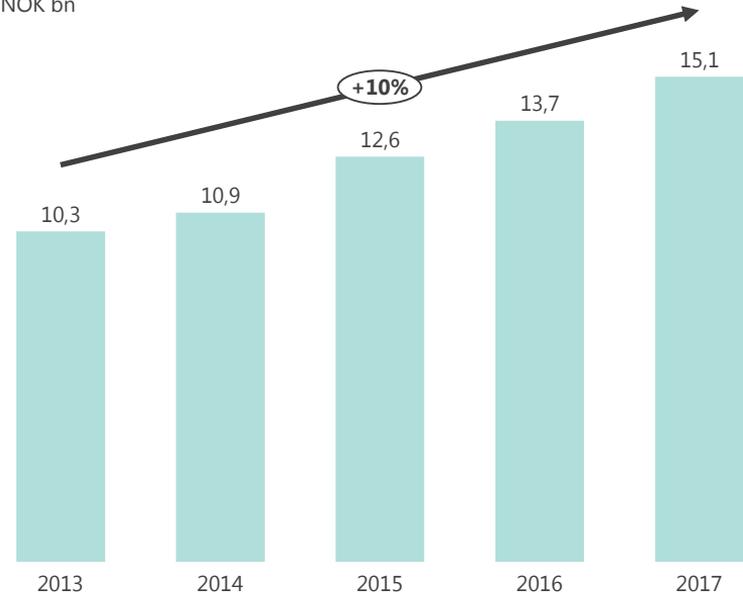
Storebrand premium income – Old Guarantees

NOK bn



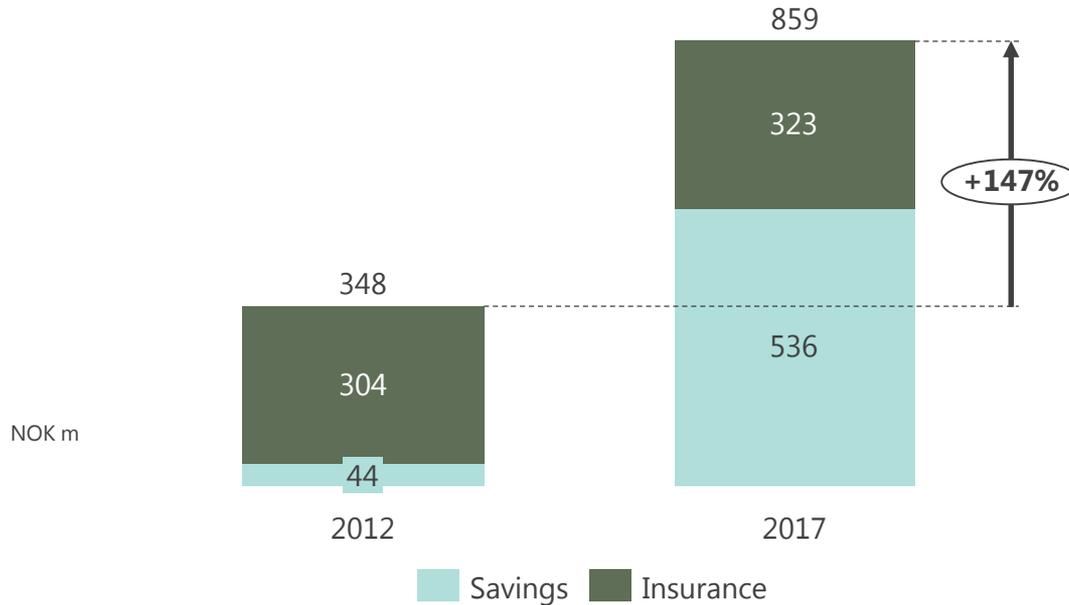
Storebrand premium income - Defined Contribution¹

NOK bn



...generating strong and well balanced profit growth

Defined Contribution – operating profit¹



Key drivers

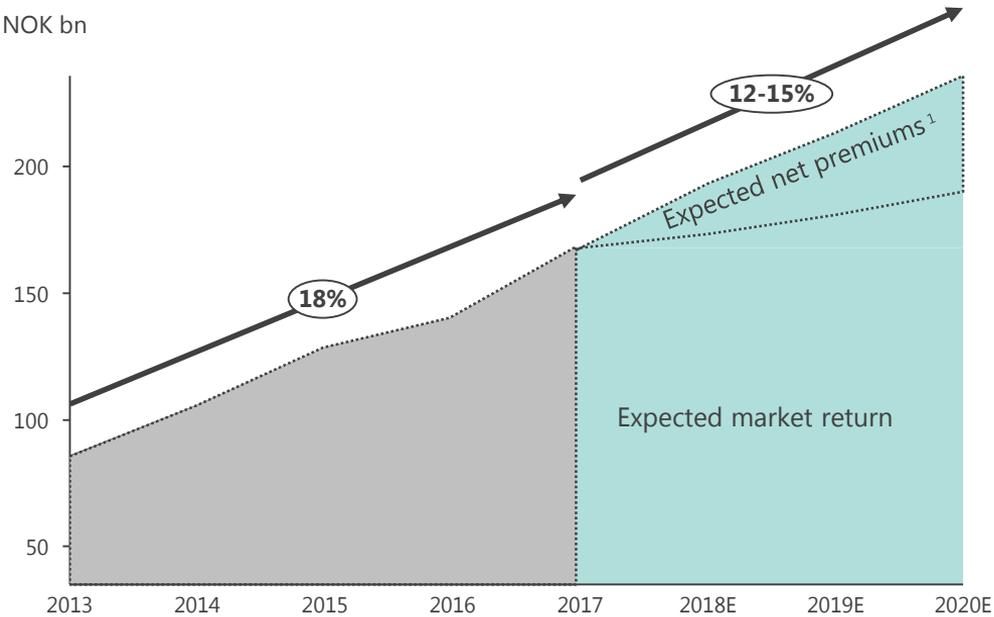
- Increased Savings and AuM
- Increasingly important with insurance add-ons
- Cost reductions

¹ Savings: Unit linked Norway and Unit linked Sweden.
Insurance: Health & Group life, Pension related disability insurance Norway (excl. finance result), Pension related disability insurance Sweden.

Net premiums and market return drive AuM growth

AuM development Unit Linked

NOK bn



Drivers of expected net premiums

- Majority of premiums generated by active policies
- Growth driven by:
 - Increased salaries and savings rates
 - Population growth
 - Age distribution of policyholders
 - DB conversions
 - New sales
 - New retail savings products
 - Positive transfer balance
 - Market returns

Leading position in Norway and strong contender in Sweden

Market share occupational pensions (Unit Linked)



Storebrand with clear value proposition in the corporate market

We want to be recommended by our customers

...through our unique Nordic pension competence

...and leading sustainability offering



- ✓ **Best customer satisfaction** with all time high score for large Norwegian corporates
- ✓ **Best customer service** in Sweden



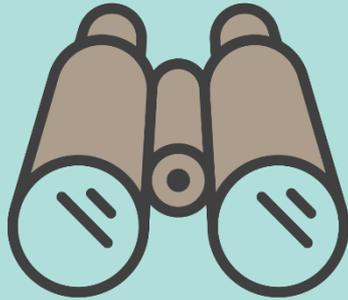
- ✓ **Norwegian fund selector of the year**



¹ Finance Norway. Gross premiums defined contribution with and without investment choice. 4Q 2017

² Insurance Sweden. Segment Unit Linked pensions 'Other occupational pensions' (written premiums) 4Q 2017

How will we succeed going forward?



Competitive edge through end-to-end digitalisation

Digitalisation ...

1

New standardised IT-platform in Sweden

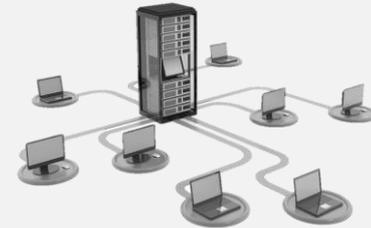
2

3 year digital to the core program in Norway



... enables cost-efficient scalable growth

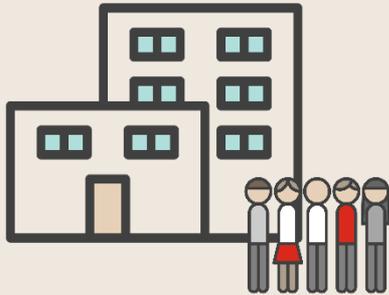
- ✓ **Simplified** architecture with straight-through-processing
- ✓ **Cost reductions** of approx. 100 MNOK*
- ✓ **Full** self-service customer and partner interface



Best positioned for Individual Pension Account in Norway

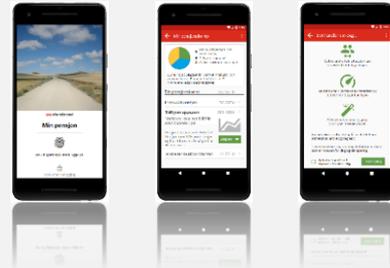
Expected market dynamics

- Competition for market shares
- Relationship with individual policyholders becoming more important



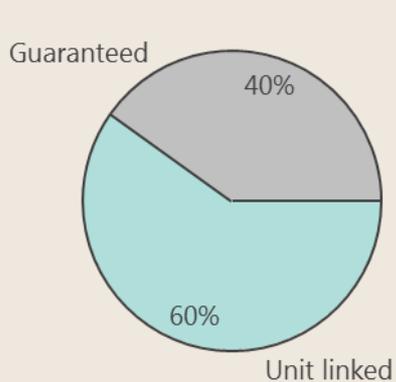
Storebrand's response

- Leverage and maintain Storebrand's # 1 position in the corporate market
- Strengthen retail customer relationships through our digital first retail strategy
- Focused efforts on increasing customer satisfaction to retain and attract new Individual Pension Accounts
- Digitalise end-to-end solutions and increase cost efficiency



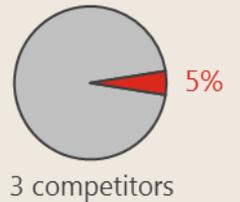
Capital light low guarantees provide additional opportunities in Sweden

Market premiums (occupational pensions)



Moderate price pressure
High entry barrier

SPP Market share



SPP Capital light low guarantees¹

1

New, well-received, unique individualised life cycle product

2

Positions SPP with a complete savings offering in corporate pensions

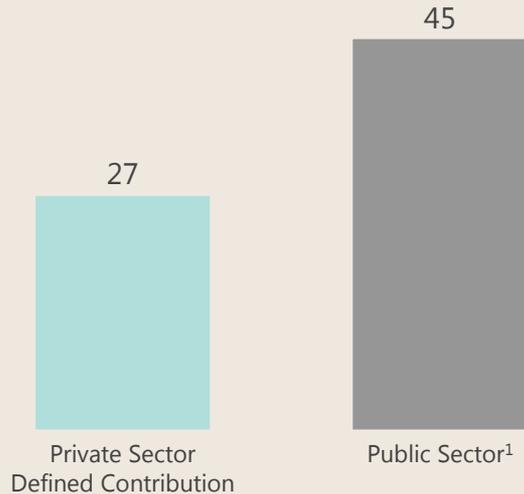
3

Attractive offering also in the private pension fund market

Regulatory change creates opportunities in **Norwegian public sector** pension market

Large public sector market is closed for competition

Annual market premium 2017, NOK bn

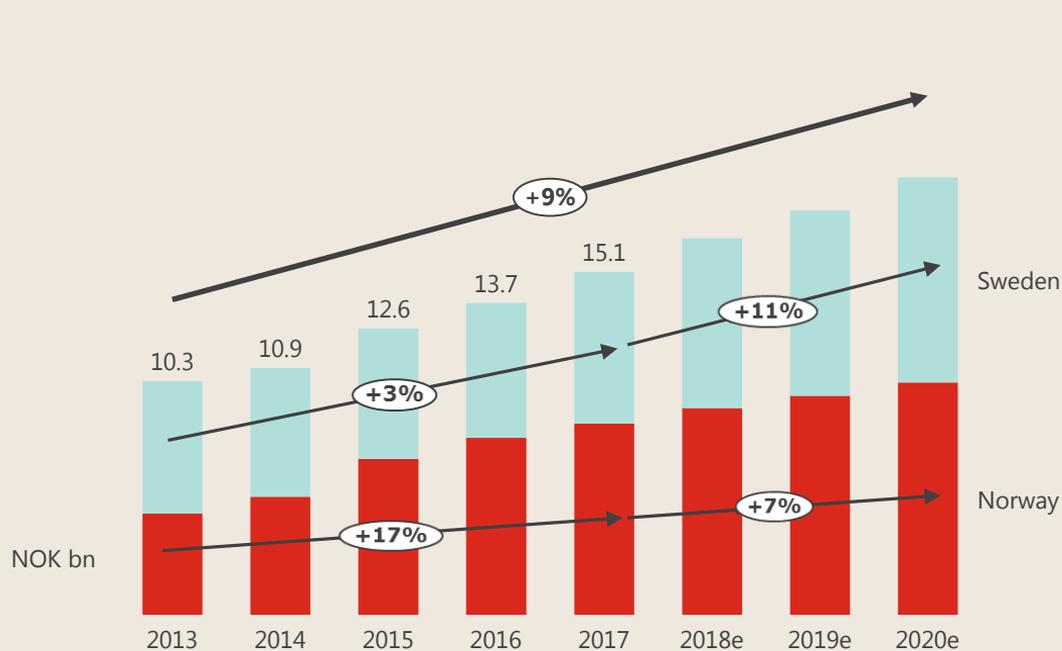


New regulation can lead to re-entry for Storebrand

- Market monopoly today
- Expected partial end of monopoly
- Capital efficient product offering
- Expected annual premium growth 5%

Our ambition

Gross Premium income – Defined Contribution¹



Leading position Occupational Pensions

#1 Market position
Pension Norway

Double digit CAGR
Pension Sweden

Deliver continued stream of
employees to retail segment

Generate asset growth
in asset management

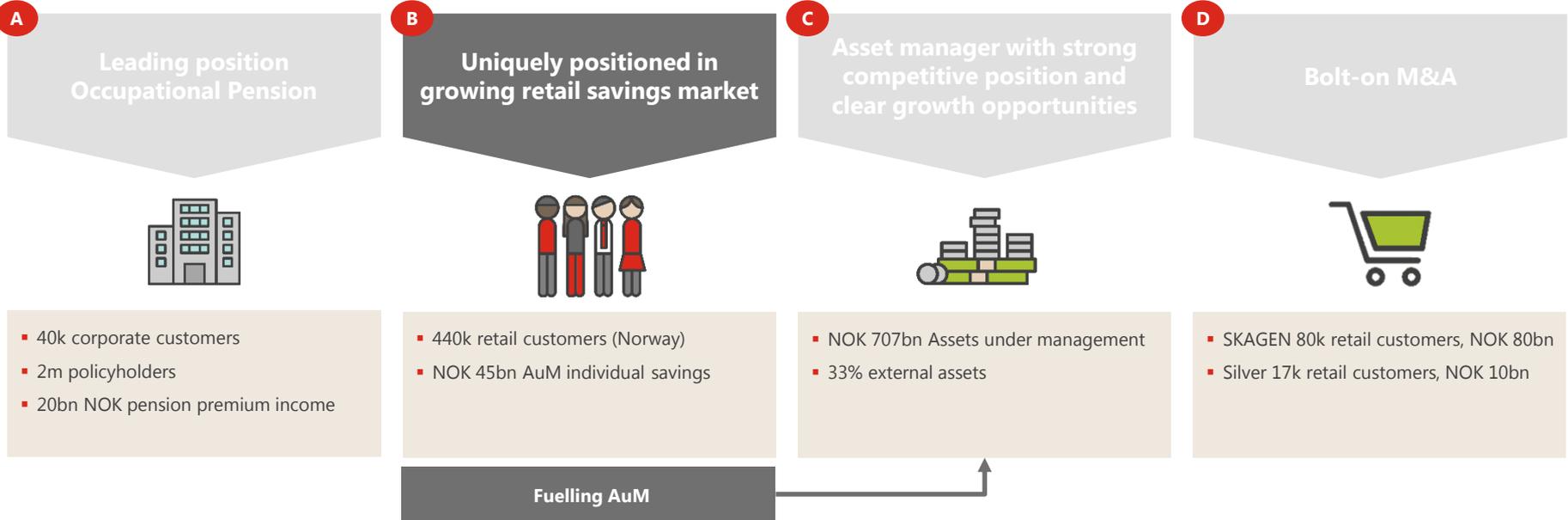
Digital first retail strategy

A personalised and scalable business model

Wenche Martinussen, EVP



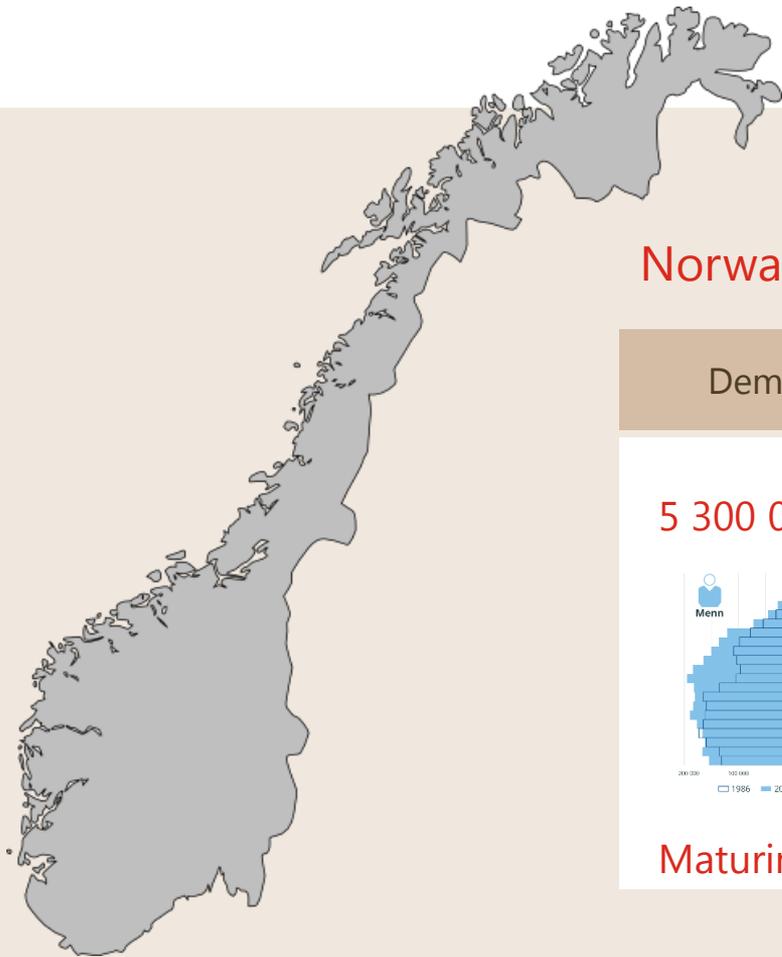
Uniquely positioned in growing retail savings market





Key Takeaways

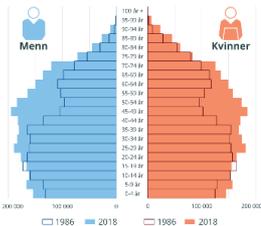
- Creating a personalised customer experience for our 1.3 million customers through advanced analytics
- Building a digital-first, scalable platform
- Providing a multiproduct offering to engage our customers and build long-term customer relationships



Norway – an aging, digitally mature market with changing market dynamics

Demography

5 300 000 citizens



Maturing population

Digitalisation

91% used online banking last 3 months

Effectively a cash-less society

National infrastructure to support digital trust

Individualisation

Pension reform shifting responsibility onto the individual

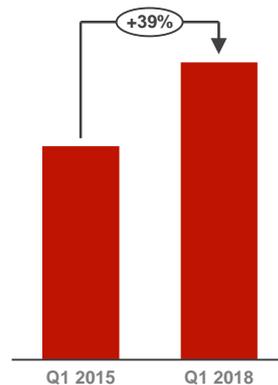
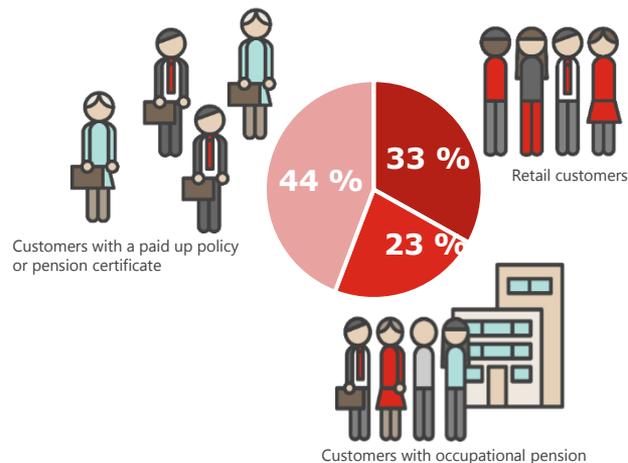
Historically preference for bank account savings

New tax-incentivised savings products



Our 1.3 million customers

38% higher household income
77% higher household assets
28% higher employment rate¹



We have experienced **strong retail growth**

39% increase in number of retail customers over the past 3 years to 440 000 customers.

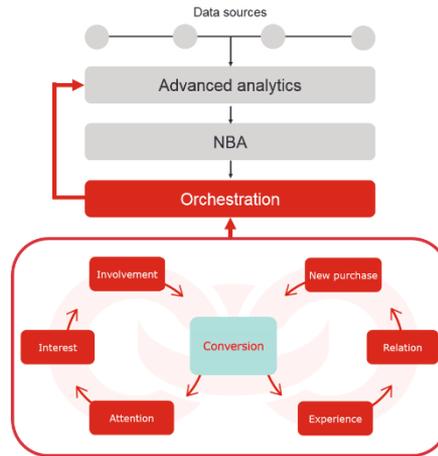
80% of our savings customers are recruited from our customer base



Our relationship with **1.3 million** customers provide us with data and insight, which means we can be **personal in a digital era**

9% higher sales with NBA

29% higher customer satisfaction with NBA

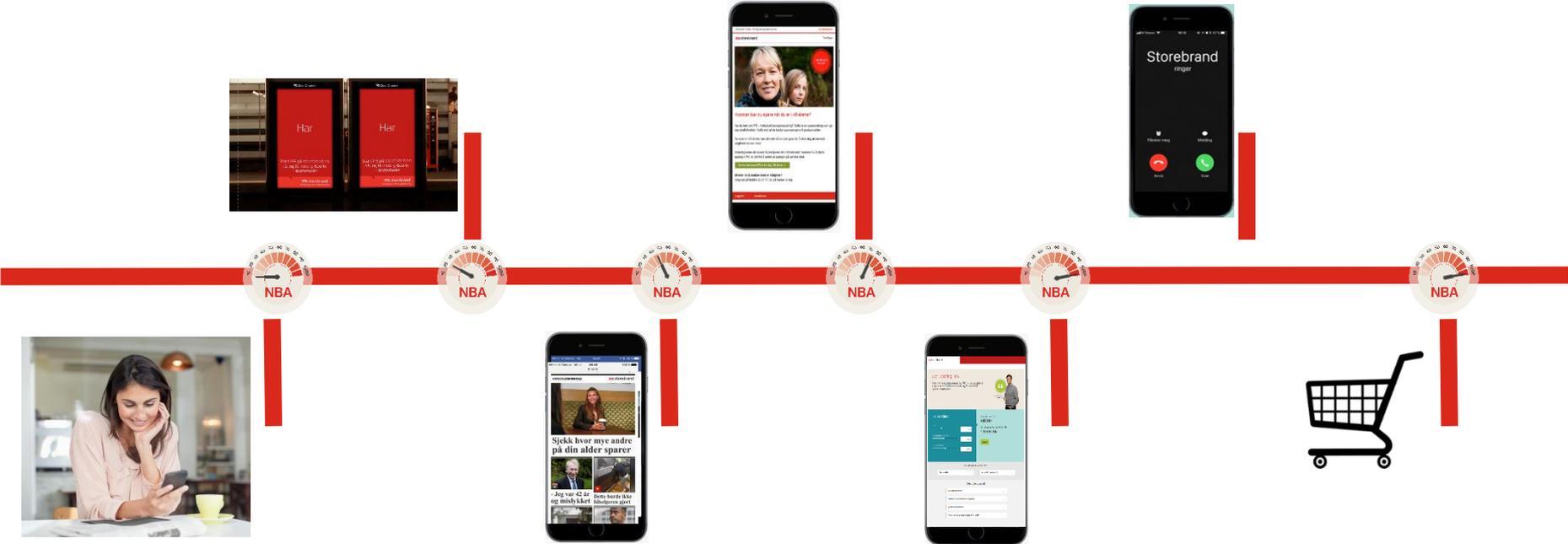


Using **machine learning and AI with intelligent response** has changed the way we communicate with our customers, enabling us to personalise the customer experience through relevant and engaging customer offerings...

...with **one voice from all angles** in a multichannel distribution

Storebrand Apps	Advertising	storebrand.no	Telephone	Chat	Customer contact (CRM)	Outbound (E-mail/SMS)	Leads

Using data on customer activities to determine the **Next Best Activity**





Adapting to the digital customer by taking **a digital-first approach**

10
deployments
per day

Storebrand has transformed from traditional IT-delivery model to **continuous, incremental deployments**, doubling the number of releases delivering customer experiences over two years

76%
increase in
digital sales¹
from 2016 to 2017

Focus on our digital customer interface is **increasing our digital sales** significantly and enabling **rapid scaling**

BearingPoint.

Digital leaders
in Norway 2017

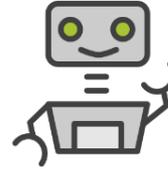
We developed a new digital sales solution in 2017 which Bearing Point's international benchmark customer survey named the **best in the industry**



A **personalised and scalable** business model



Customer, advisor and robot in the same digital solution ensures seamless communication



Digitalisation, automation and robotisation to gain reduction in costs and scalability

Chat robot "James" handles **50%** of all chats on our website



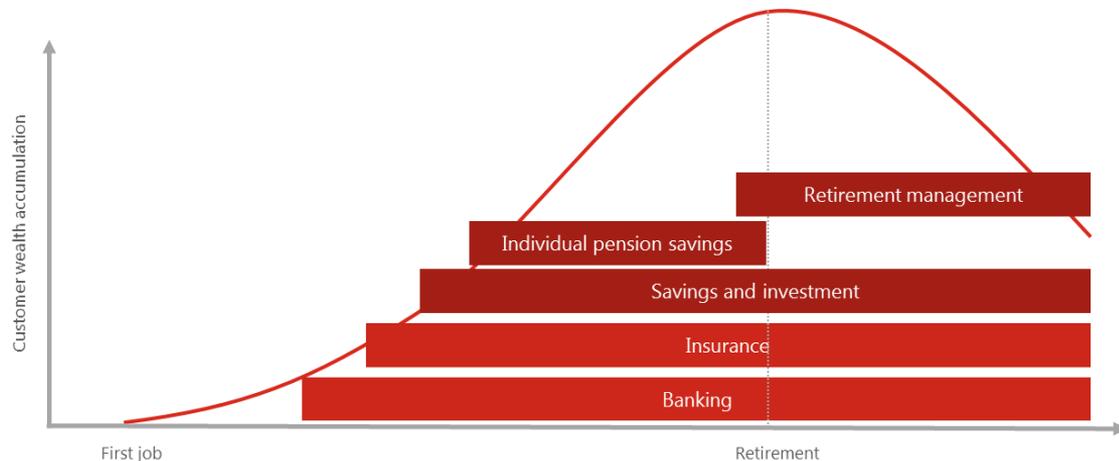
Highly skilled advisors enhancing our digital solutions, increasing loyalty and earnings



Engaging customers throughout the life cycle

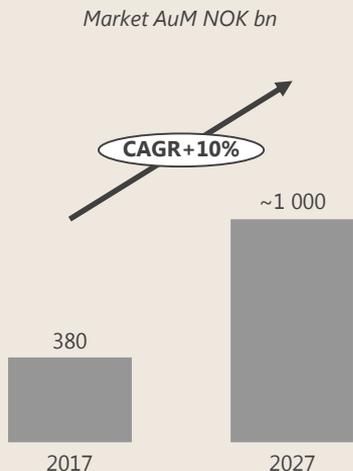
As each individual must take more responsibility for their retirement finances, our foundation in pensions makes us uniquely positioned to offer a breadth of products and services across the life-cycle.

But most of all, building trust and creating **long-term customer relationships**



Achieving a double digit CAGR in retail savings¹ AUM

Structural market drivers



Strengthened market position and product offering



Sustainability expertise as competitive advantage

Green is good

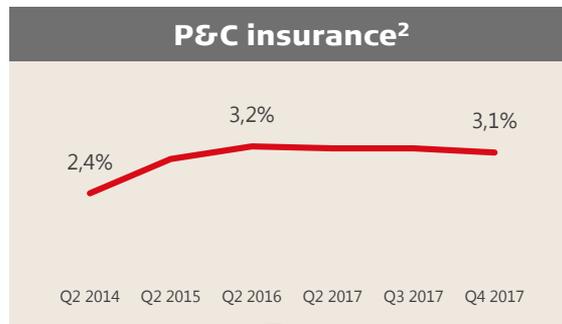
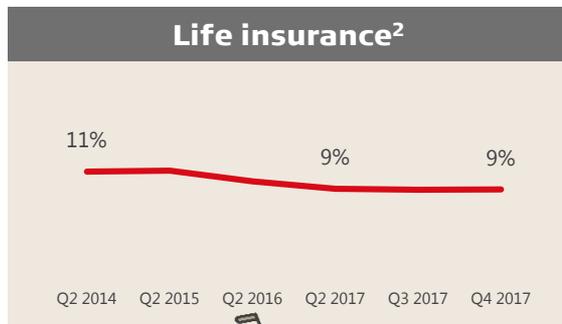
"20% of the world's population use 80% of the world's resources. Companies that are well prepared to meet global challenges are better positioned to create profitable growth than their competitors"

Jan Erik Saugestad
EVP Asset Management



Profitable growth with a multi-product offering

Ensuring higher customer retention and deeper customer relationships



Market shares

¹ Finance Norway and The Norwegian Fund and Asset Management Association

² Finance Norway

³ Statistics Norway and Storebrand. Loans in Storebrand Bank and Storebrand

Livsforsikring is included.

Retail Norway 2018-2022

Double digit

CAGR



Retail savings

- B2B2C fundament
- Well-positioned #2 player
- Multibrand offering

50%

Profit growth



P&C and Individual
life insurance

- Focus on profitability
- Automation of back office processes
- Increased digital sales

> 10%

ROE



Retail bank

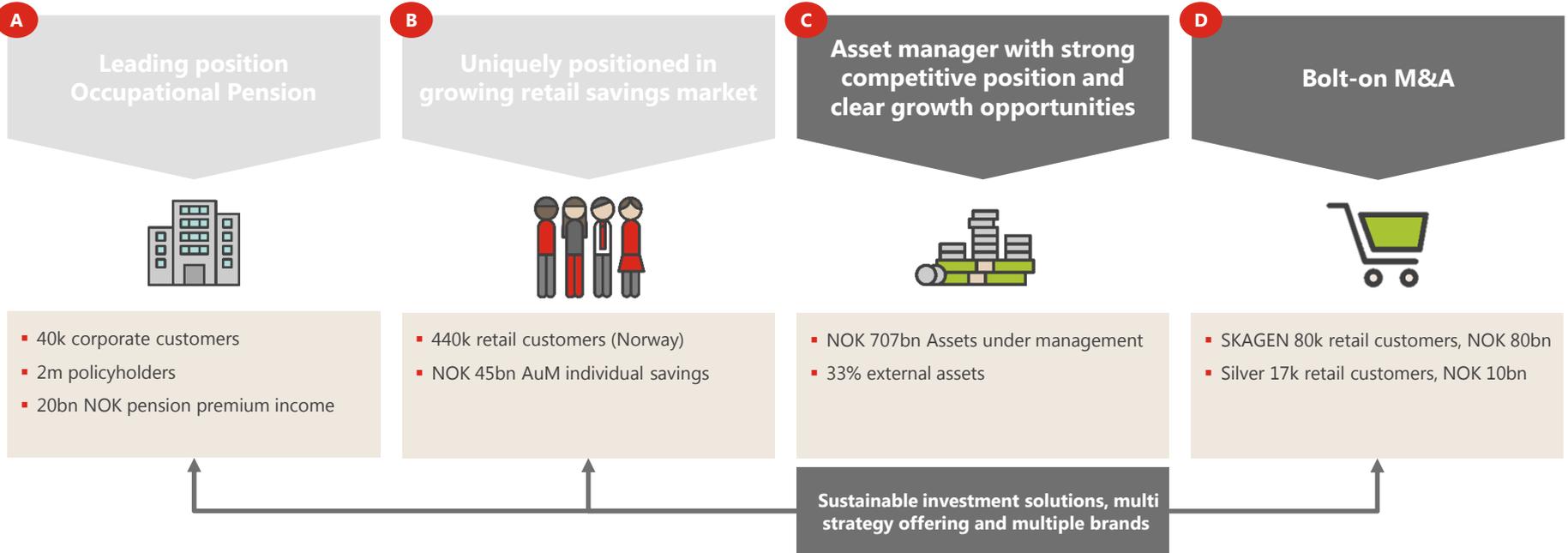
- Focus on profitability
- Automation of mortgage process
- Broadening product portfolio

Fast growing Nordic asset manager with European presence

Jan Erik Saugestad, EVP



Deliver client value and growth in assets through sustainable investment solutions and a multi boutique platform



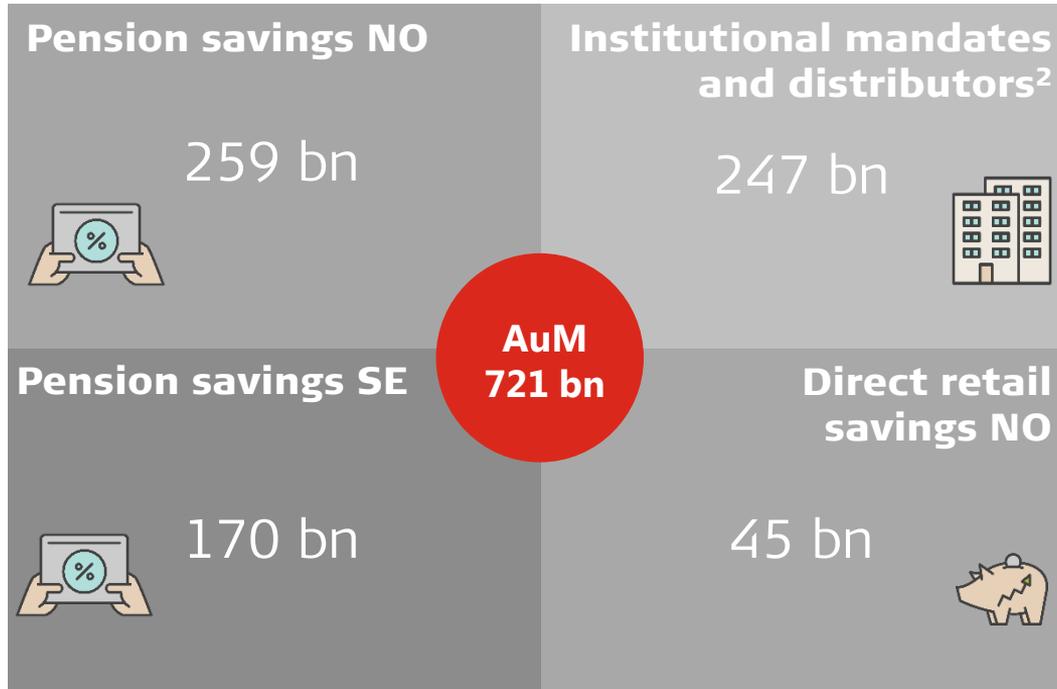


Key Takeaways

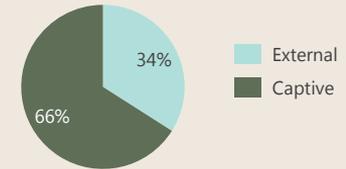
- Strong competitive position driven by revenue growth, tight cost control and significant value to clients
- Clear growth opportunities enabled by leading position on sustainable investments and SKAGEN
- Further scale as a multi boutique platform

Fast growing Nordic asset manager with a blend of **captive pension assets** and **external clients**

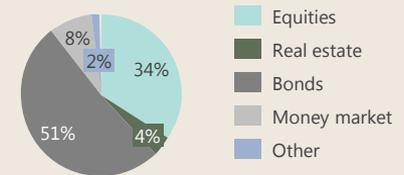
Main channels for AuM (NOK bn)¹



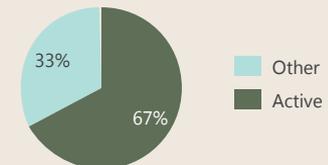
External share¹



Asset types¹

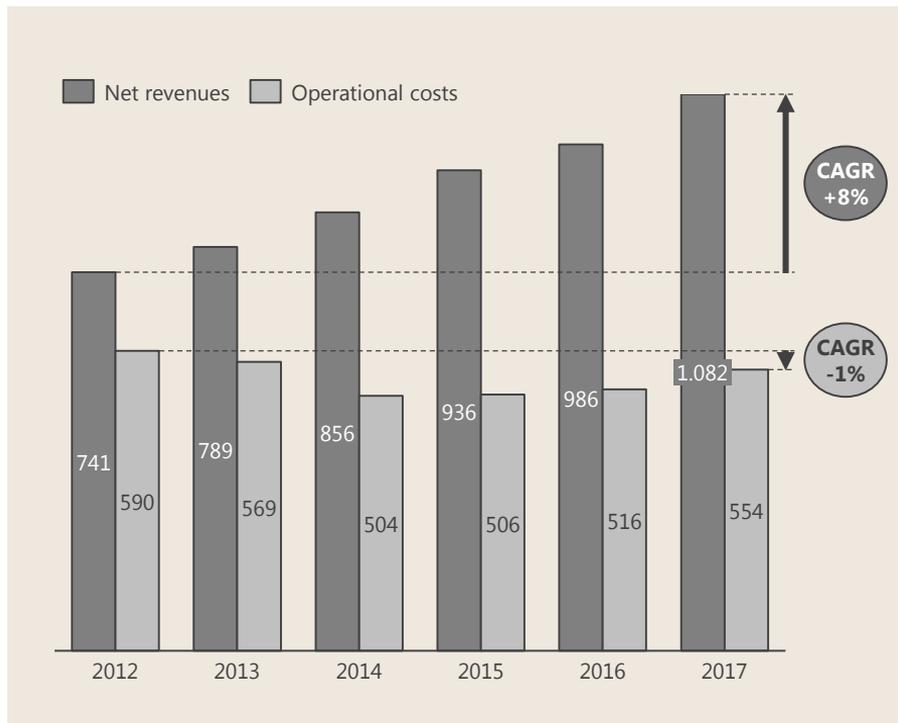


Active share³

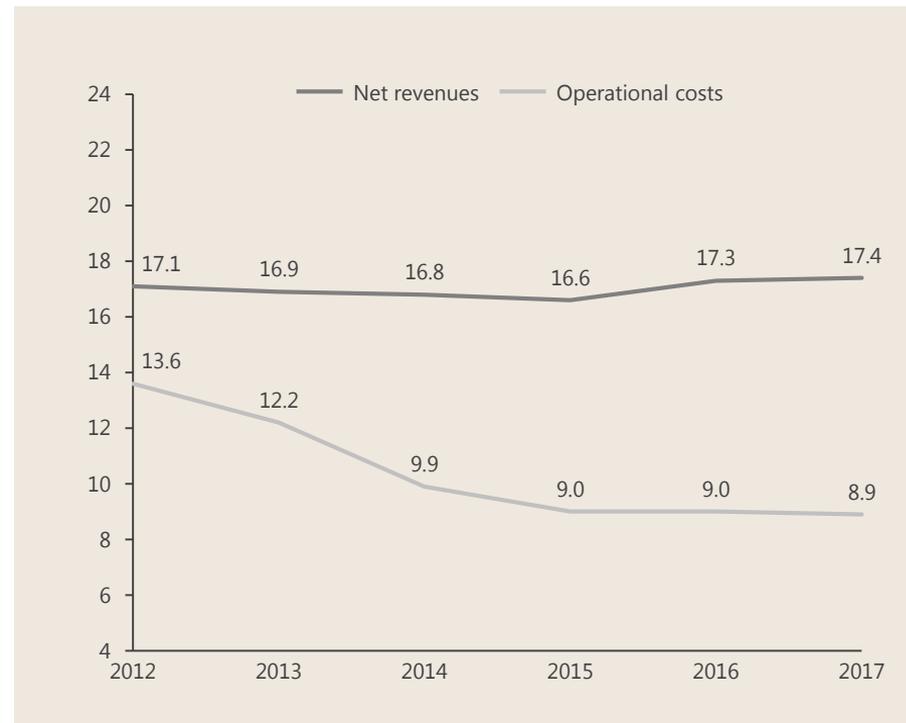


Strong **revenue growth** and tight **cost control** has ensured our **competitive position**

Net revenues and operational costs¹, NOKm



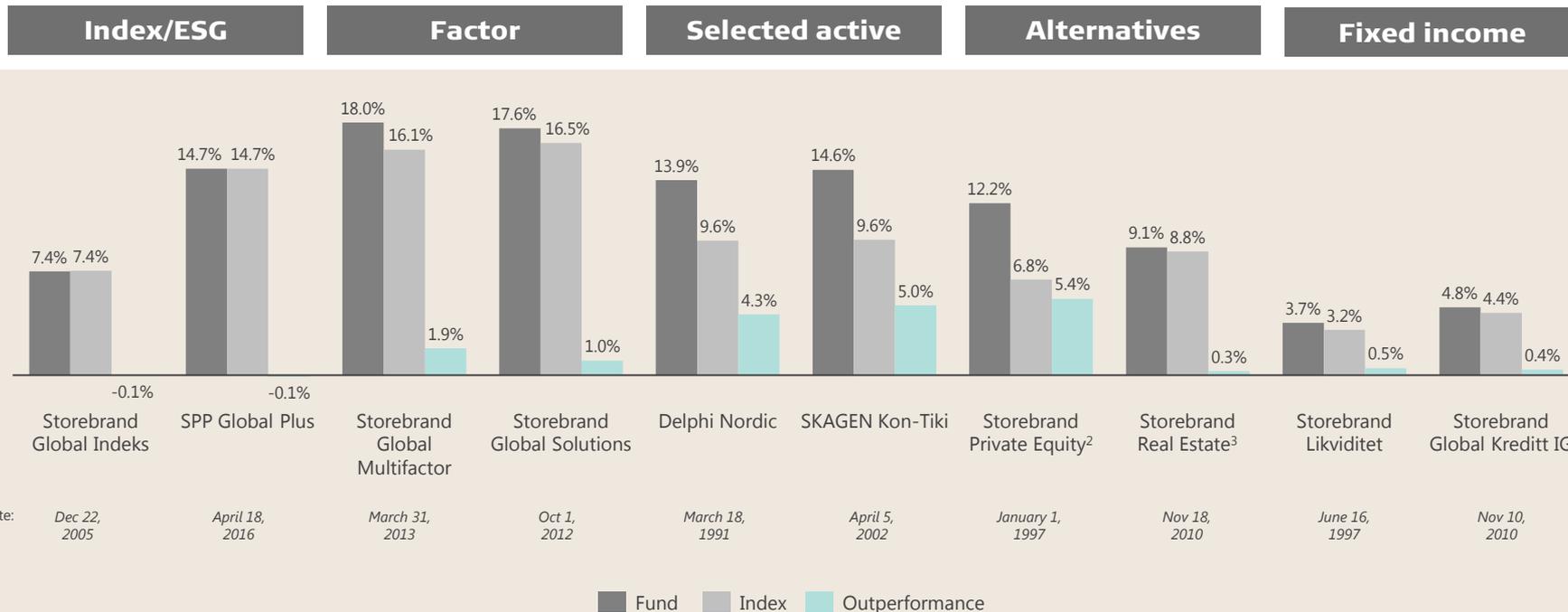
Margin¹, bps



Strong fund performance across all asset classes

– Significant value creation for clients

Average annual net returns and outperformance of selected funds since inception¹



From date: Storebrand Global Indeks (Dec 22, 2005), SPP Global Plus (April 18, 2016), Storebrand Global Multifactor (March 31, 2013), Storebrand Global Solutions (Oct 1, 2012), Delphi Nordic (March 18, 1991), SKAGEN Kon-Tiki (April 5, 2002), Storebrand Private Equity² (January 1, 1997), Storebrand Real Estate³ (Nov 18, 2010), Storebrand Likviditet (June 16, 1997), Storebrand Global Kreditt IG (Nov 10, 2010)

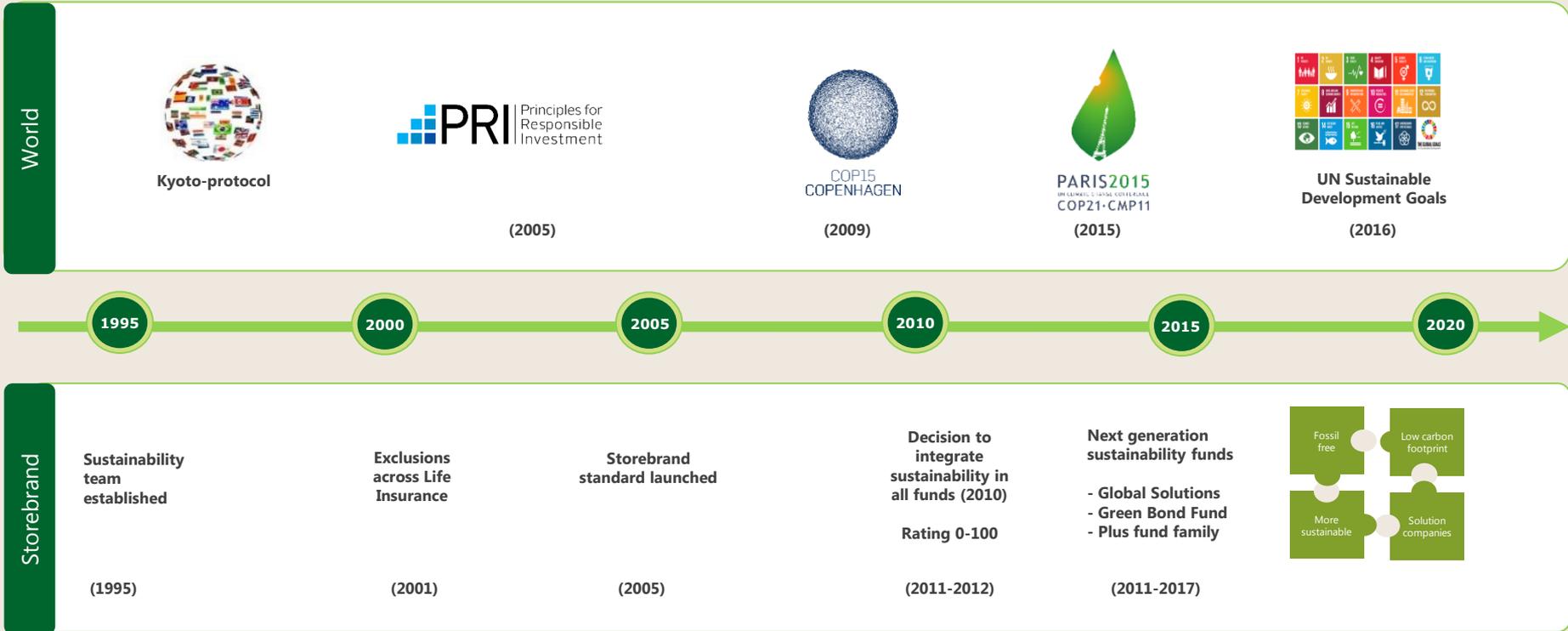
¹ Annualized returns are based on monthly returns from fund inception until March 31, 2018. Exceptions: SKAGEN Kon-Tiki (from fund inception until April 27, 2018), Storebrand Global Multifactor (from start of current strategy in 2013 until March 31, 2018 (5 year period)). All returns are in NOK except SPP Global Plus (SEK).

² Storebrand Livsforsikring DB PE portfolio (P990).

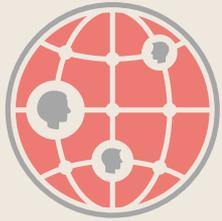
³ Storebrand Eiendomsfond Norge (SEN) KS.

Sustainability at the core of our business

NOK 721 bn AUM, aligned to contribute to the UN Sustainability Goals



Strategic Priorities



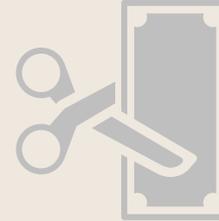
Strengthen
international
institutional capacity



Broader
commercialization of
sustainable funds



Strengthen **retail**
position in
Scandinavia



Increase volume
to gain **cost**
advantages



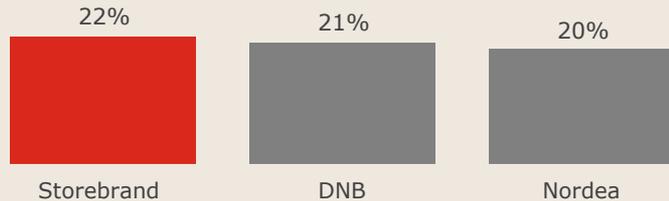
Further scale as a
multi boutique
platform



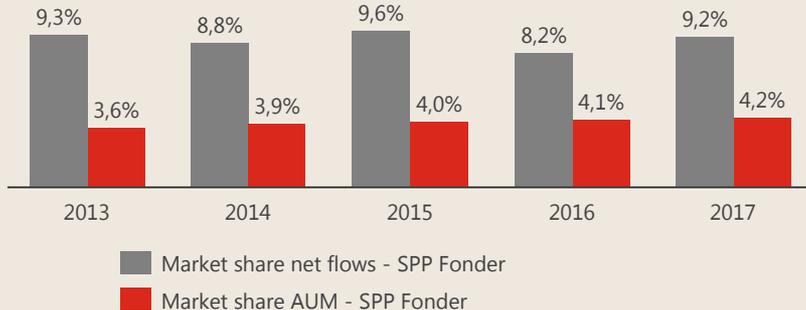
Potential to **strengthen institutional** client offering and pursue **international growth**

Build on our strong position in Norway and Sweden...

Norway - No. 1 institutional asset manager¹



Sweden – Growing market share²



...and pursue focused international growth

Leverage our joint distribution to pursue focused international growth based on well positioned brands and sustainable solutions

Key enablers:

- Local offices in Denmark, UK and the Netherlands
- ~20 International sales professionals
- Luxembourg platform
- Storebrand Connect

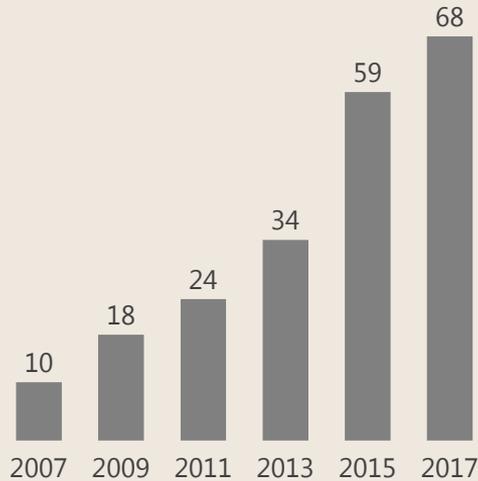




Sizeable potential for **sustainable solutions** internationally...

Investor commitment

Global AUM represented in the United Nations Principles for Responsible Investment (UNPRI), \$ trillion¹



Growth in sustainable AM

'Sustainably invested' assets in Europe, US, Canada, Australia, New Zealand and Asia, as share of total professionally managed AUM (%)²



Demand for low carbon solutions

Storebrand AUM in low carbon solutions, NOK bn



¹Source: MSCI. AUM as of April in each year.

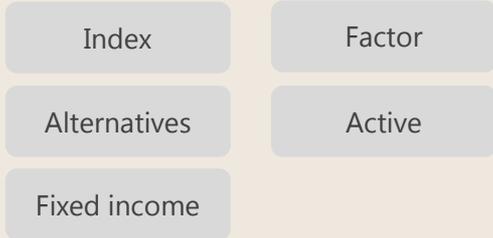
²Source: McKinsey/Global Sustainable Investment Alliance - 2016 Global Sustainable Investment Review. Percentages as of early 2012 and 2016.



...and Storebrand is well positioned to capture growth

A strong range of sustainable investment solutions...

Scalable solutions covering all asset classes

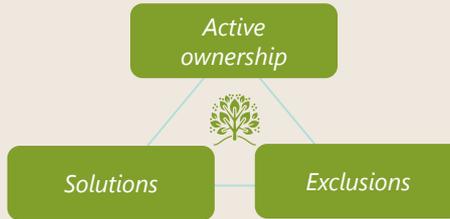


Sustainability platform across investment boutiques



...a credible and transparent process...

Strategy built on in-house capabilities



Innovative sustainability impact reporting



...with a long track record and strong recognition

A pioneer within sustainability, with scale

- 1995** Sustainability team established
- 2001** Exclusions across Life Insurance
- 2005** Storebrand standard launched
- 2010** Integration of sustainability in all funds
- 2011** Sustainability rating 0-100
- 2011-17** Next generation sustainability funds
- 2017-** Sustainability Development Goals

Acknowledged by clients and the industry

#1

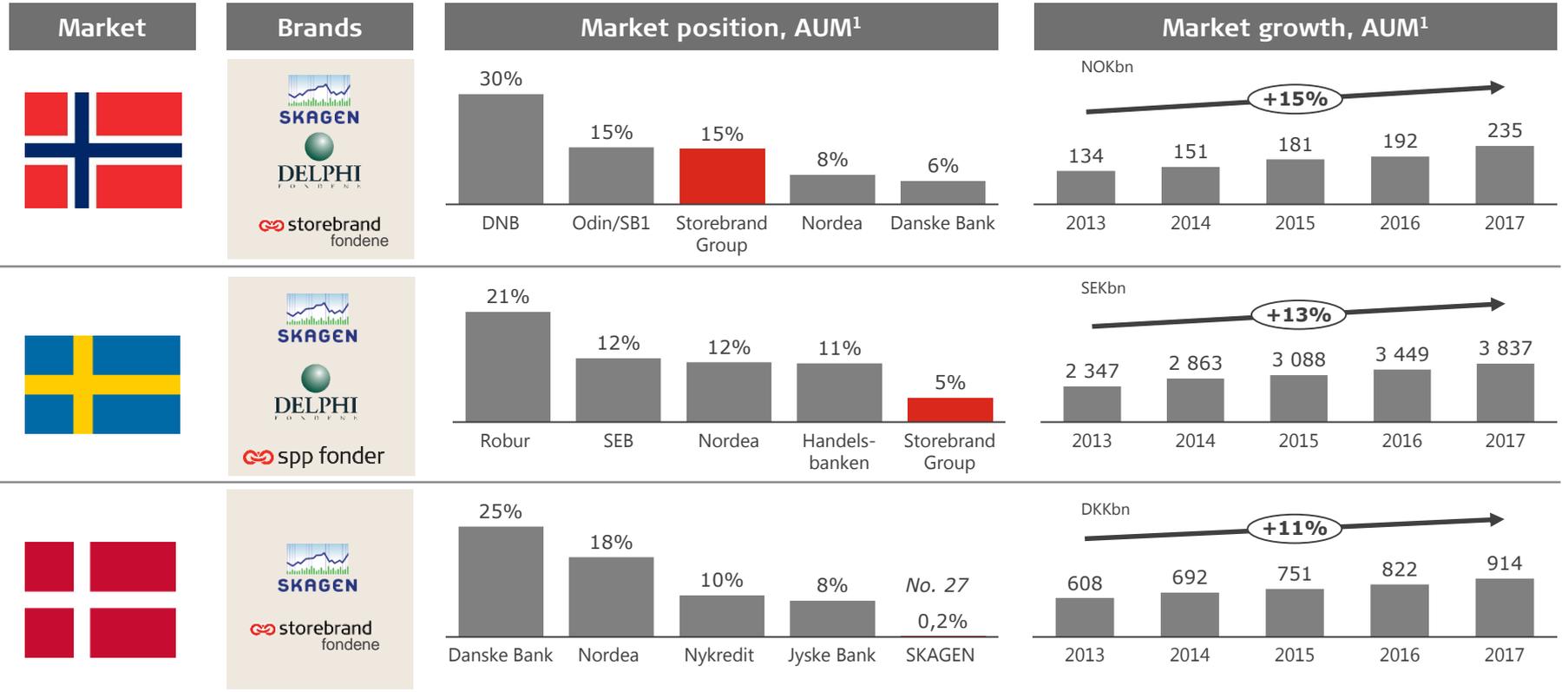


#2*





SKAGEN is an enabler to take the next step in the **retail savings market beyond Norway**

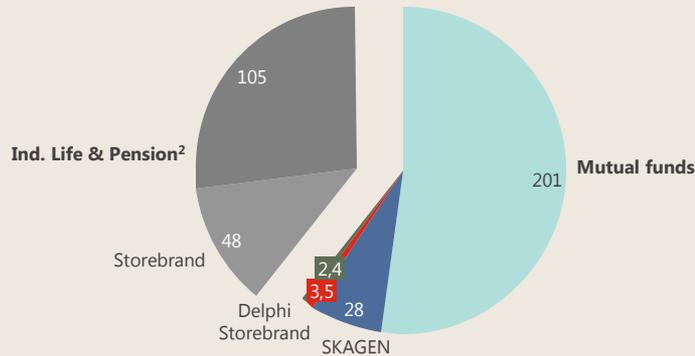




Key opportunities in the Norwegian and Danish retail markets

Norway – strengthening our Mutual Fund positions

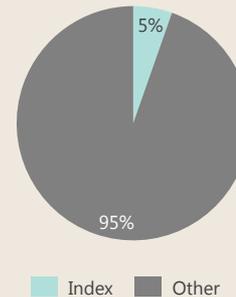
- A large (~NOK 390 bn) market¹ for retail savings
- Mutual funds represent NOK 235 bn of this
- Three strong brands with clear value propositions
- Ambition:
 - Further develop SKAGEN position
 - Strengthen the Storebrand position
 - Strengthen the Delphi position



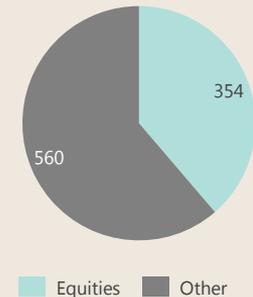
Denmark – capturing the ESG index opportunity

- Approx. DKK 350 bn in Equity Retail Mutual Funds
- Retail Mutual Fund Market dominated by active funds, listed index share approx. 5%
- Higher index share in comparable markets suggests future index growth also in the Danish market
- Increasing market demand for sustainable funds
- Local expertise

Index share³



Asset type³ (DKKbn)



¹ Source: Norwegian Mutual Fund Association (mutual funds category, as of Q4 2017) and Finance Norway as of Q4 2017.

² Ind. Life & Pension includes Unit Linked (retail), pension certificates and paid-up policies with investment choice.

³ Index share and asset type refer to the total retail mutual fund market (914 DKKbn).



Operational **synergies** and **tight cost control** lead to improved cost efficiency

Delivering cost synergies

- First phase SKAGEN cost synergies under implementation with a target of NOK 50 million

Client web and reporting platform

- Web front for a multi brand retail platform
- Storebrand Connect for institutional clients

Unit Holder Registry and Portfolio System

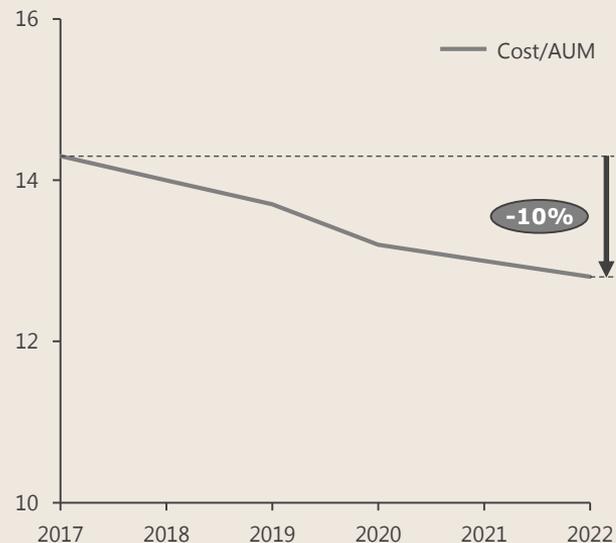
- Consolidation of Unit Holder Registries
- Consolidation of Portfolio Systems
- One process

Shared data and IT platform

- Common data sourcing
- Shared basic infrastructure

Improved cost efficiency

Operational costs as a share of AUM (bps), Asset Management

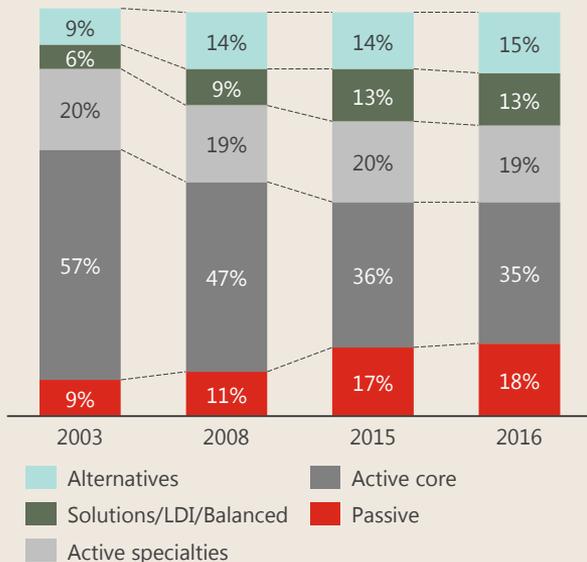




Market dynamics lead to further broadening of the **client offering** and the need for **scale**

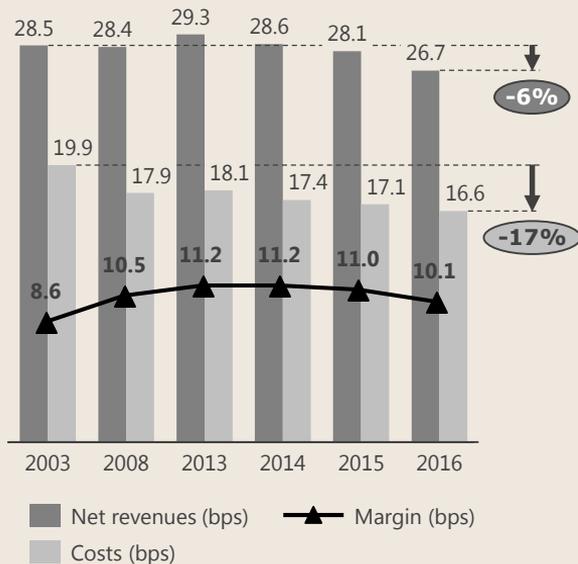
A changing asset mix..

Global AUM split¹



...Revenue and cost pressure..

Average net revenues and costs as a share of AUM (bps)¹



...And rising M&A deal sizes

Global Investment Management M&A deals – number of deals and deal size (\$)²





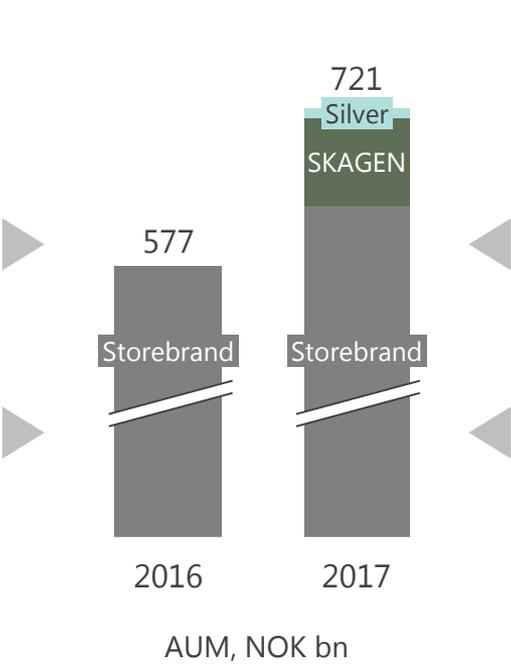
Further scale as a **multi-boutique platform**

Four key criteria for further structural growth

Volume and **cost advantages**



Commercialization of **sustainable funds**



Institutional offering and capacity



Retail position in Scandinavia

Our ambition

Current targets on track

2016-18

#1
Norwegian
asset manager

NOK **150m**
Revenue growth

NOK **100m**
Profit growth



New targets

2018-21

#1
Norwegian asset manager
with European footprint

NOK **250m**
Profit growth¹

Increasing return to shareholders

Lars Aa. Løddesøl, CFO





Key Takeaways

- Continued growth in Savings and Insurance with strong cost control
- Sufficient expected return to grow both solvency capital and buffers
- Increasing solvency capital generation
- Low leverage and high remittance ratio
- Two sources of free capital generating shareholder dividend

Holistic sustainability reporting with clear long term targets and KPIs pr. input factor



Financial capital and our investment universe

Key Performance Indicator	Goal 2017	Baseline 2016	Result 2017	Goal 2018	Goal 2020	Goal 2025
ROE	>10%	9.5 %	11.30%	>10%	>10%	>10%
Solvency	>150%	157%	172%	>150%	>150%	>150%
Dividend	>35%	27%	40%	>50%	>50%	>50%
AUM invested in solutions companies, cleantech and renewable energy	1%	n/a	1.80%	2%	3%	4%
New sustainability products -> NOK invested in sustainability funds annually			6.4bn	6bn	TBA	TBA
Percentage of assets screened for sustainability criteria	100 %		100 %	100 %	100 %	100 %
Indirect climate emission -> carbon intensity in: Tonn CO2e per 1 MNOK sales income						
- Equity investments in mutual funds ND/SE			28/18,3			
- Guaranteed portfolio ND/SE			18,8/12,5			
- Fixed income		Start testing	Testing started			
Compliance to the TCFD principles [1]	Partly compliant	Partly compliant	Partly compliant	Partly compliant	Compliant	Compliant
Publish new policy for sustainable investments			Implement			
Energy consumption real estate [2]	194	197	191	191	185	174
Water consumption real estate [3]	0,34	0,35	0,35	0,34	0,33	0,32
Certified green real estate [4]	29%	23%	26%	35%	48%	74%
Co2-emissions real estate	6,59	6,93	5,23	6,24	5,55	4,44
Waste recycling real estate (N)	62%	61%	65%	63%	65%	69%



Customers and community relations

Key Performance Indicator	Goal 2017	Baseline 2016	Result 2017	Goal 2018	Goal 2020	Goal 2025
Dow Jones	Included	Included	Not included	Included	Included	Included
NPS Norwegian pension marked	Top 3	#4	#4	Top 3	Top 3	Top 3
NPS Swedish corporate marked	Top 3	#8	#8	Top 3	Top 3	Top 3
Market share savings Norway	25%					
Marked position corporate marked: occupational pension	1			1	1	1
Financial literacy -> Young entrepreneurship	N/A	N/A	N/A	N/A	N/A	N/A
Financial literacy -> My pension figure		55%	58%			
Charity -> Handshake of the year		N/A	N/A	N/A	N/A	N/A
Retail market Norway (association to sustainability)				#1	#1	#1
Corporate market Norway (association to sustainability)				#1	#1	#1
SPP (association to sustainability)				#1	#1	#1
SAM (Institutional end-customer and suppliers, Prospera)				#1	#1	#1

Key Performance Indicator	Goal 2017	Baseline 2016	Result 2017	Goal 2018	Goal 2020	Goal 2025
Dow Jones	Included	Included	Not included	Included	Included	Included
NPS Norwegian pension marked	Top 3	#4	#4	Top 3	Top 3	Top 3
NPS Swedish corporate marked	Top 3	#8	#8	Top 3	Top 3	Top 3
Market share savings Norway	25%					
Marked position corporate marked: occupational pension	1			1	1	1
Financial literacy -> Young entrepreneurship	N/A	N/A	N/A	N/A	N/A	N/A
Financial literacy -> My pension figure		55%	58%			
Charity -> Handshake of the year		N/A	N/A	N/A	N/A	N/A
Retail market Norway (association to sustainability)				#1	#1	#1
Corporate market Norway (association to sustainability)				#1	#1	#1
SPP (association to sustainability)				#1	#1	#1
SAM (Institutional end-customer and suppliers, Prospera)				#1	#1	#1



Our people and systems

Key Performance Indicator	Goal 2017	Baseline 2016	Result 2017	Goal 2018	Goal 2020	Goal 2025
Figure pr FTE	4,0	4,1	3,9	3,9	3,7	3,4
Co2 emissions pr. FTE	0,69	0,7	0,71	0,68	0,66	0,61
Energy consumption main office	164	165	151	152	159	152
Water consumption main office	0,31	0,32	0,3	0,31	0,31	0,30
Waste recycling main office	77%	76%	82%	78%	79%	82%
Paper consumption main office	55	58	50	52	47	35



Linked to UN's sustainable development goals



Regulatory developments



Solvency II – Standard model review



Paid-up policies in Norway



Public sector pension in Norway

Significant difference in capital consumption and return profile between old and new business

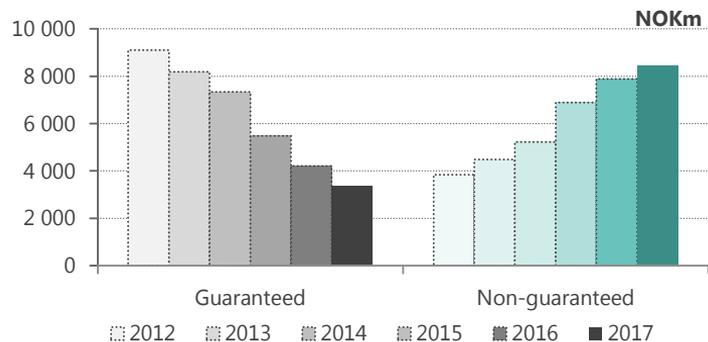
ILLUSTRATIVE

	Savings	Insurance	Guaranteed ³	Group
IFRS earnings ¹ (NOKm)	1 552	638	982	3 172
Allocated Equity ² (NOKbn)	5.5	2.0	23.6	31.1
Pro forma RoE adj. (%) ⁴	31%	36%	5%	11%

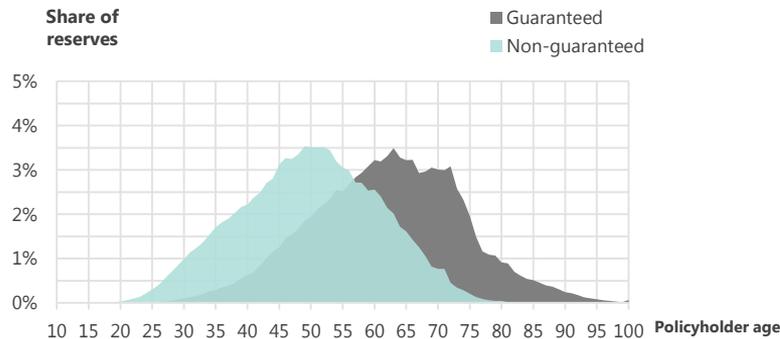
The equity in the Group sits within different legal units. This allocation of equity is done on a pro-forma basis to reflect an approximation to the IFRS equity consumed in the different reporting segments after group diversification. The estimated allocation is based on the capital consumption under SII and CRD IV adjusted for positive capital contribution to own funds. The Insurance segment has been allocated an increased capital level which is more in line with long-term expected diversification effects.

Continued shift from Guaranteed to Non-Guaranteed Pension

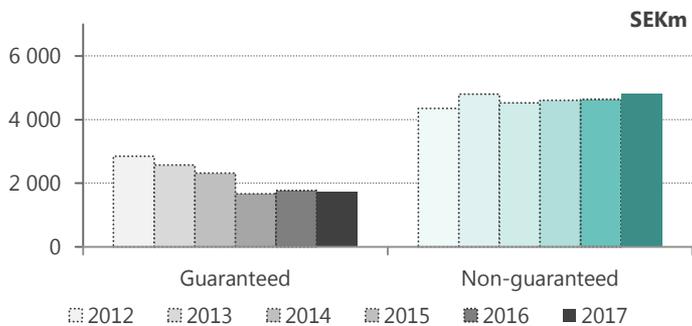
Premium income Storebrand Life Insurance¹



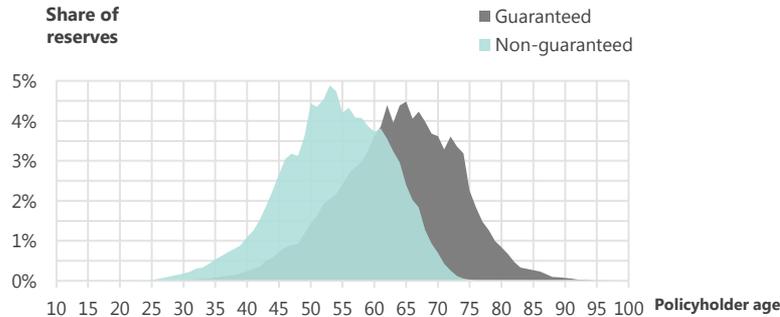
Storebrand Life Insurance²



Premium income SPP Life Insurance³



SPP Life Insurance³



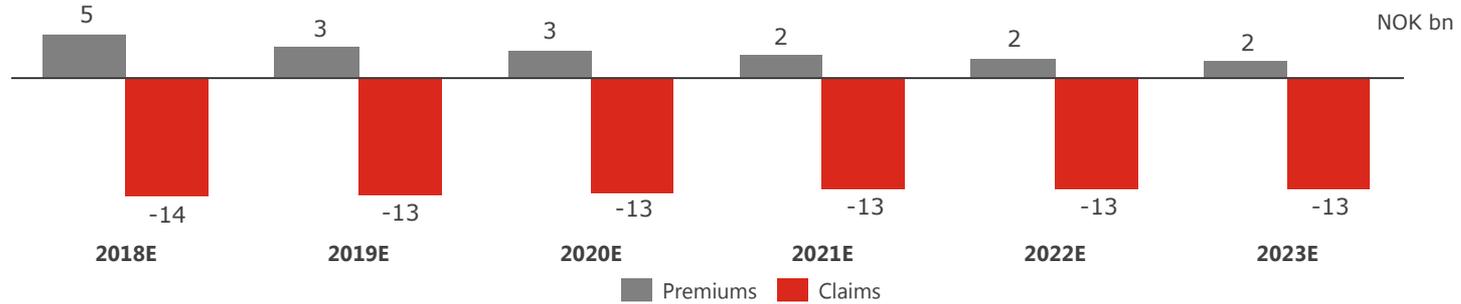
¹ Guaranteed: Defined Benefit Norway. Non-guaranteed: Unit Linked (occupational pension) Norway, 2012-2017.

² Guaranteed: Defined Benefit Norway and Paid-up policies. Non-guaranteed: Unit Linked (occupational pension) Norway, 2012-2017

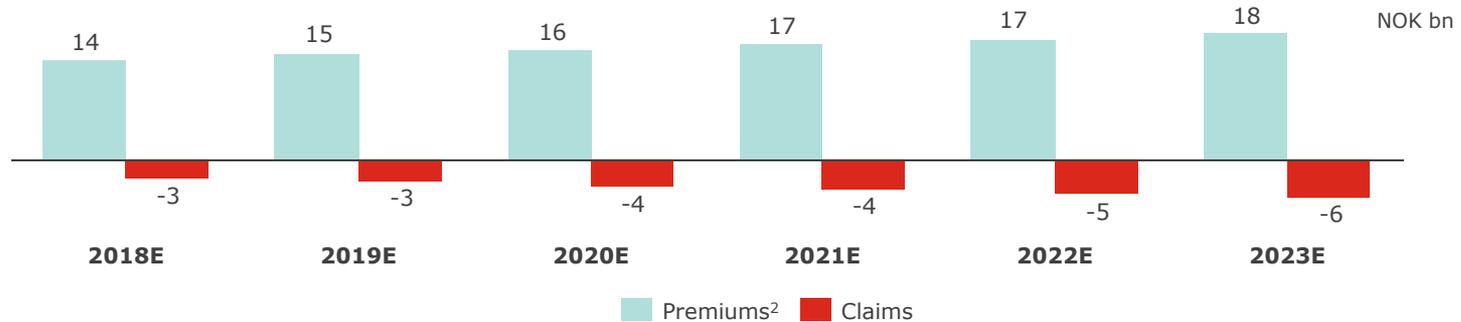
³ Guaranteed: Guaranteed pension, Sweden. Non-guaranteed: Unit Linked Sweden, excl. transfers, 2012-2017.

Net flows illustrate the shift in the business

Net flows Guaranteed Pension¹

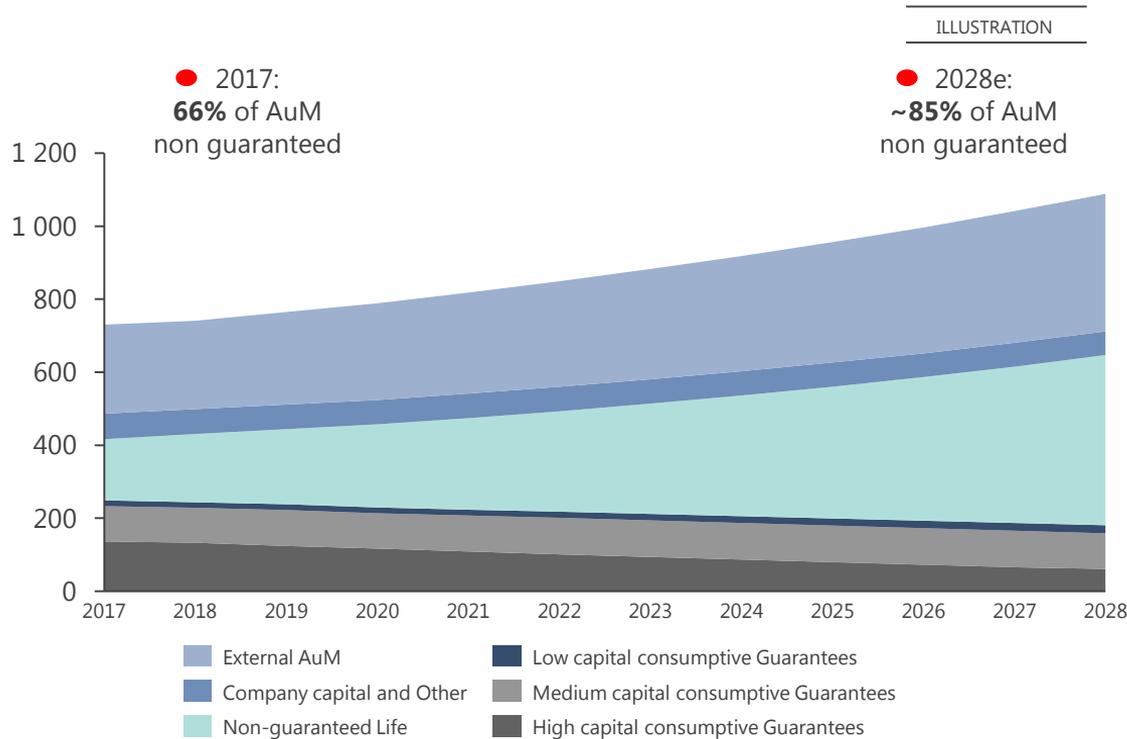


Net flows Savings non-guaranteed¹



Majority of total AUM in Storebrand is already **capital efficient**

Forecast assets under management (NOKbn)



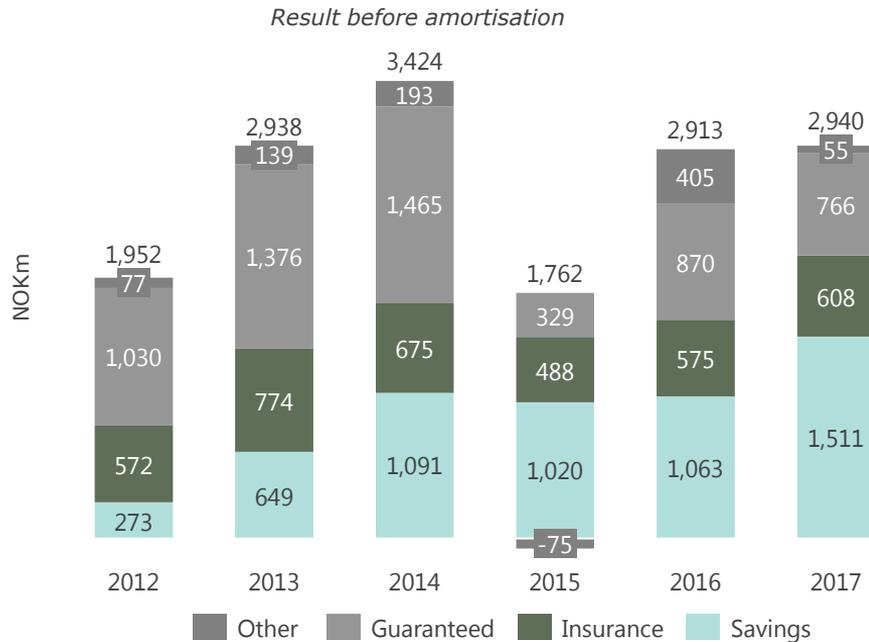
Implications

- Guaranteed portfolio has reached Solvency II peak capital consumption
- New growth in Savings and Insurance need little new capital
- Increased free cash flow and dividend capacity
- Increased fee and adm. income and reduced sensitivity to financial markets

Continued growth in Savings and Insurance
with strong cost control

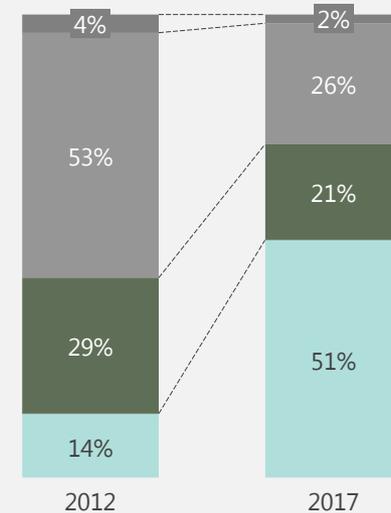
Shift in Earnings to Front Book

Three main segments with close links between value drivers and reported results



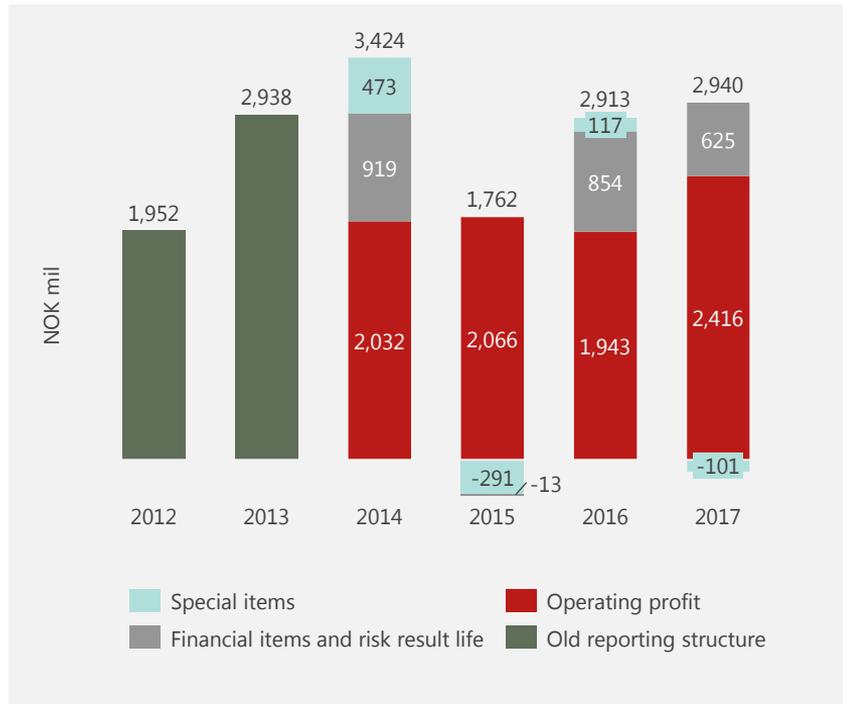
Transition towards Savings and Insurance

Segments' share of result before amortisation



Improved quality of earnings

Group result¹



Comments

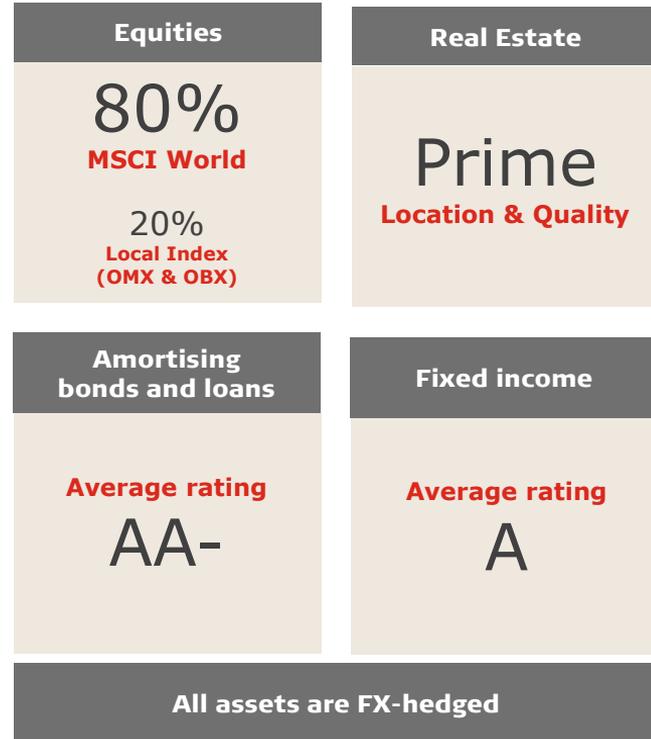
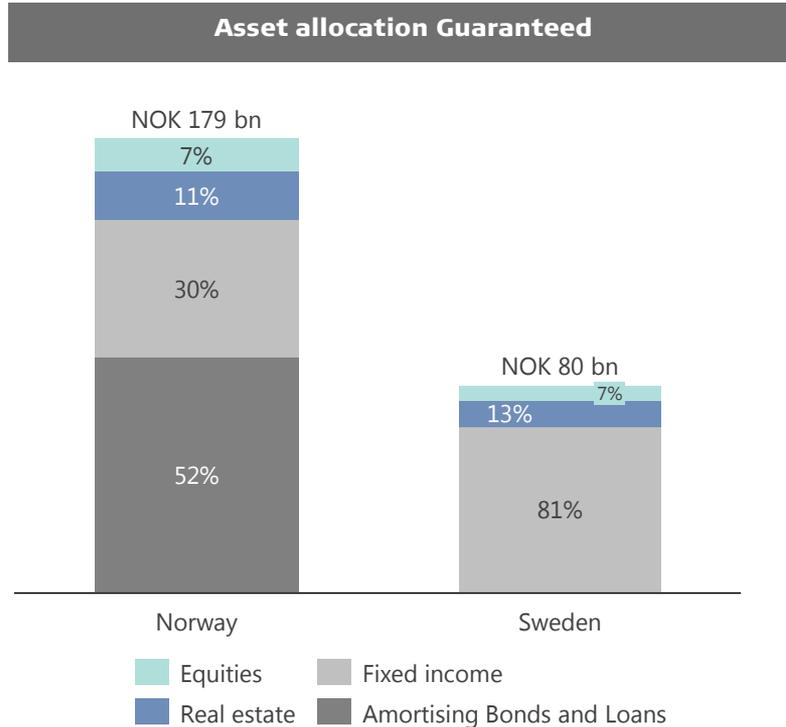
- Operating earnings driven by AuM x Margin
- Insurance profits diversify earnings
- Increased profit sharing over time

Illustrative P&L development

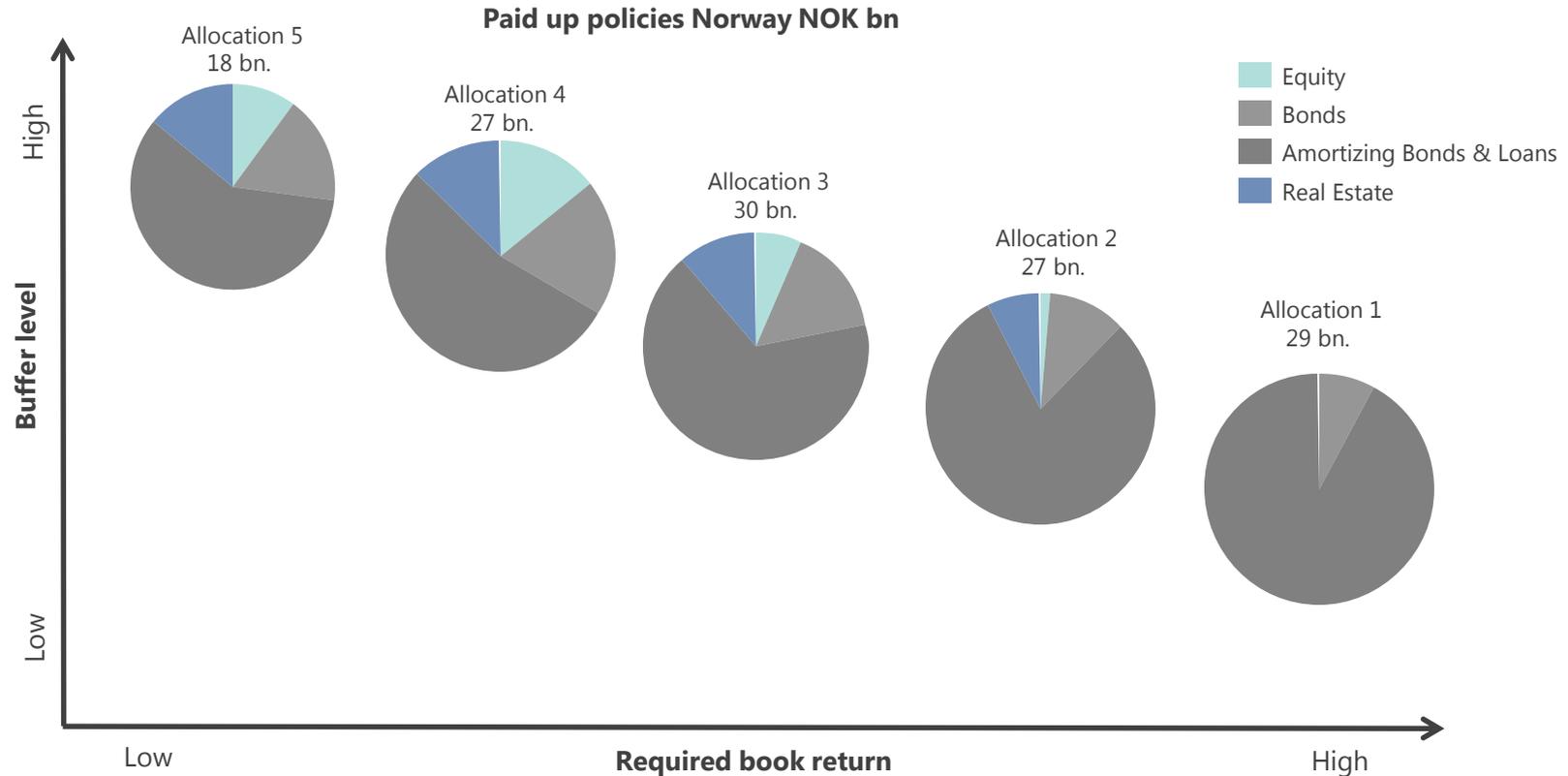
NOK million	Trajectory	
Fee and administration income		Strong Savings growth, some margin decline. Back book run off
Insurance result		Moderate Insurance growth, stable margins
Operational cost		Flat nominal cost ¹
Operating profit		
Financial items and risk result life		Gradual profit split with higher rates
Profit before amortisation		
Amortisation and write-downs of intangible assets		Approx. NOK 405m per year
Profit before tax		
Tax		Approx. 20%
Profit after tax		

Sufficient expected return to grow both
solvency capital and buffers

High quality assets with mostly fixed income backing guaranteed liabilities



Active risk management tailored to liability characteristics



Liability driven asset management with a double purpose

Financial targets sets priorities

Solvency generation and preservation main priority – basis for dividend capacity

Solvency II margin²

> 150%

Dividend ratio¹

> 50 %

Return on equity¹

> 10 %

Two risk management perspectives

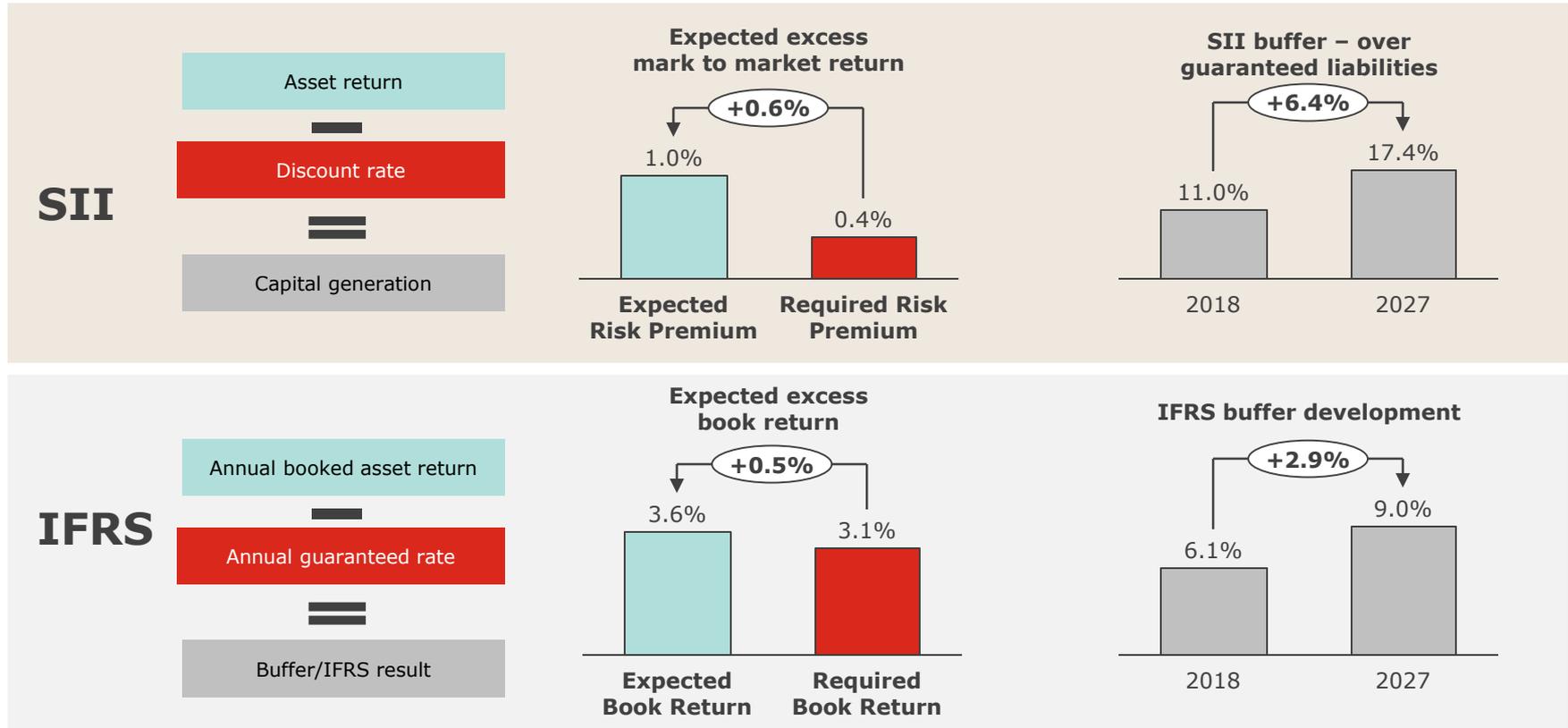
1 Solvency II

- Long term perspective. Both assets and liabilities at market value
- Risk management of **own funds** and **SCR**
 - Asset return > Liability return

2 IFRS results

- Annual guarantees give annual perspective on booked returns
- Risk management of **IFRS financial result** and **buffers**
 - Asset & liabilities at book value in Norway
 - Asset & liabilities at market value in Sweden

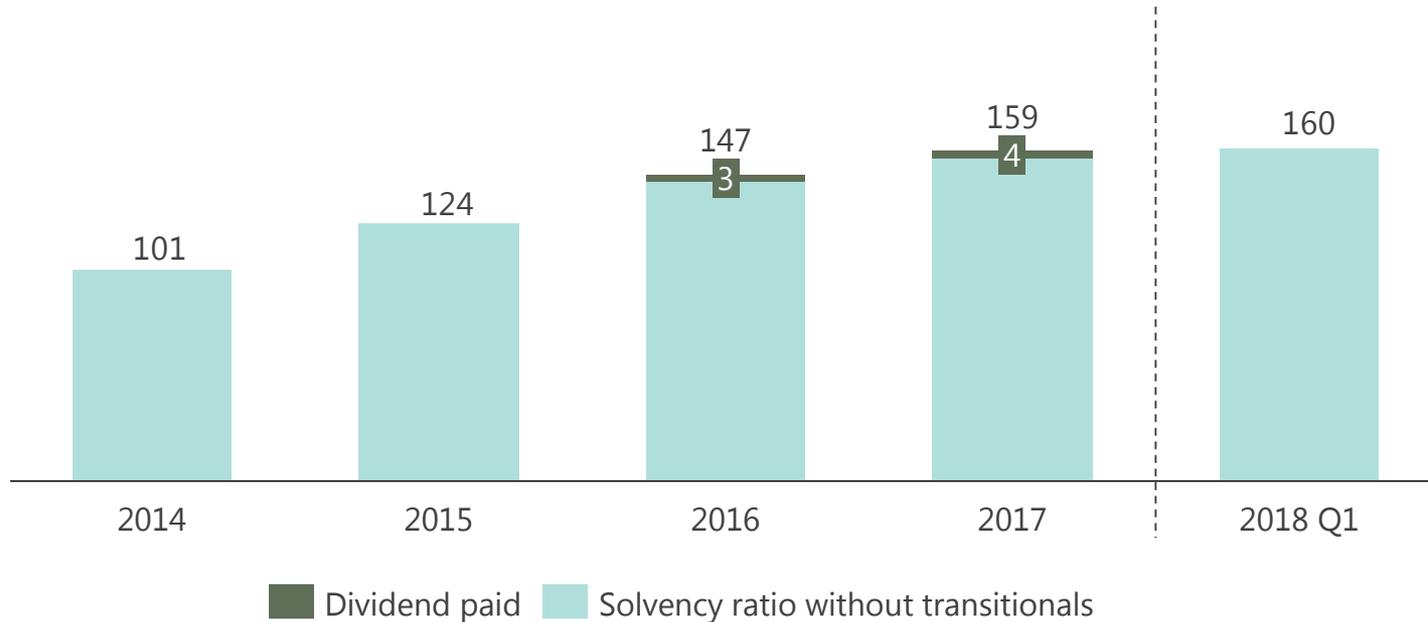
Liability driven investment strategy is expected to generate SII capital and increased IFRS results from profit sharing



Increasing solvency capital generation

Strong historical growth in solvency ratio

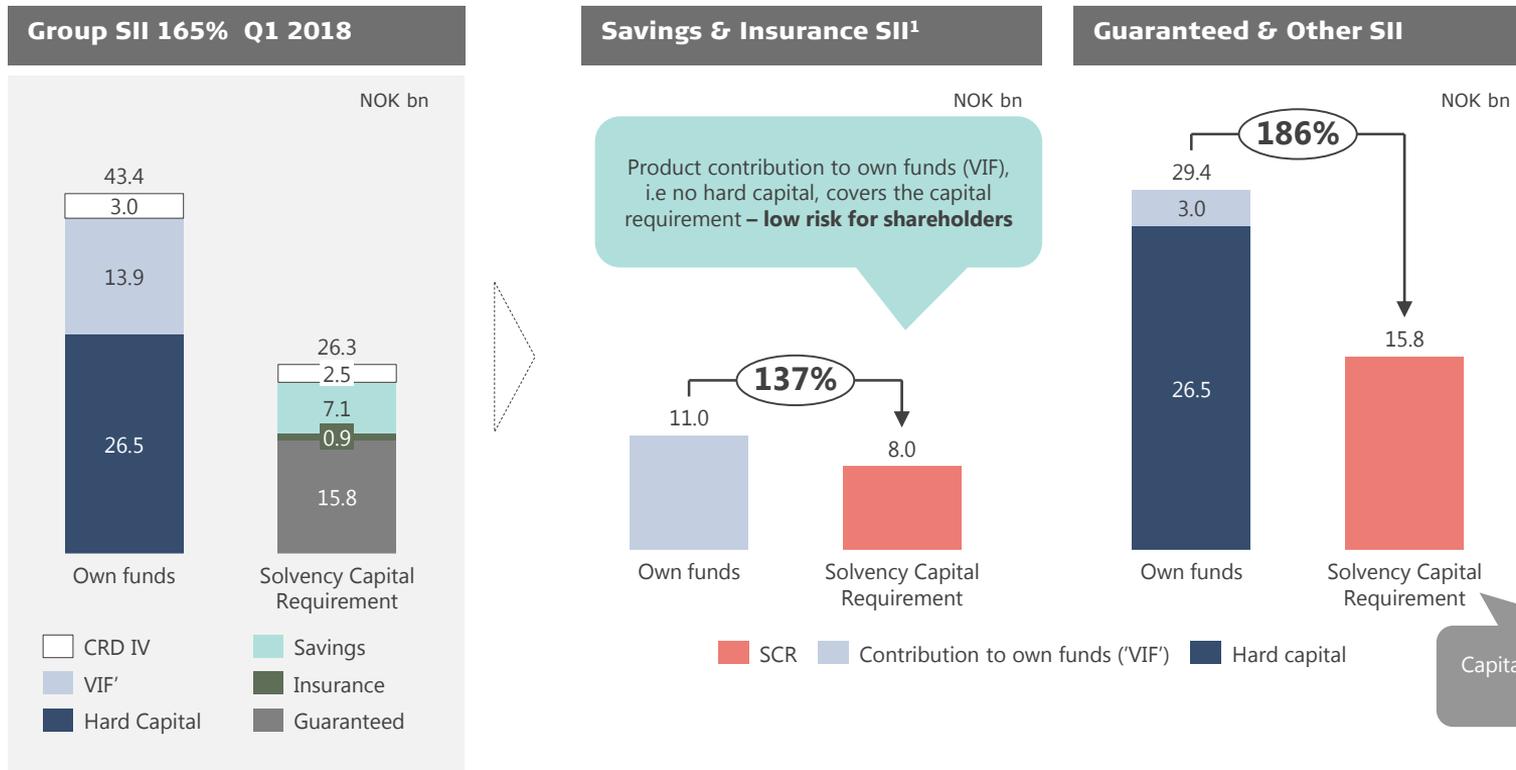
Solvency ratio without transitional rules development 2014-2018 Q1 (%)



Savings and Insurance are close to self-financing going forward

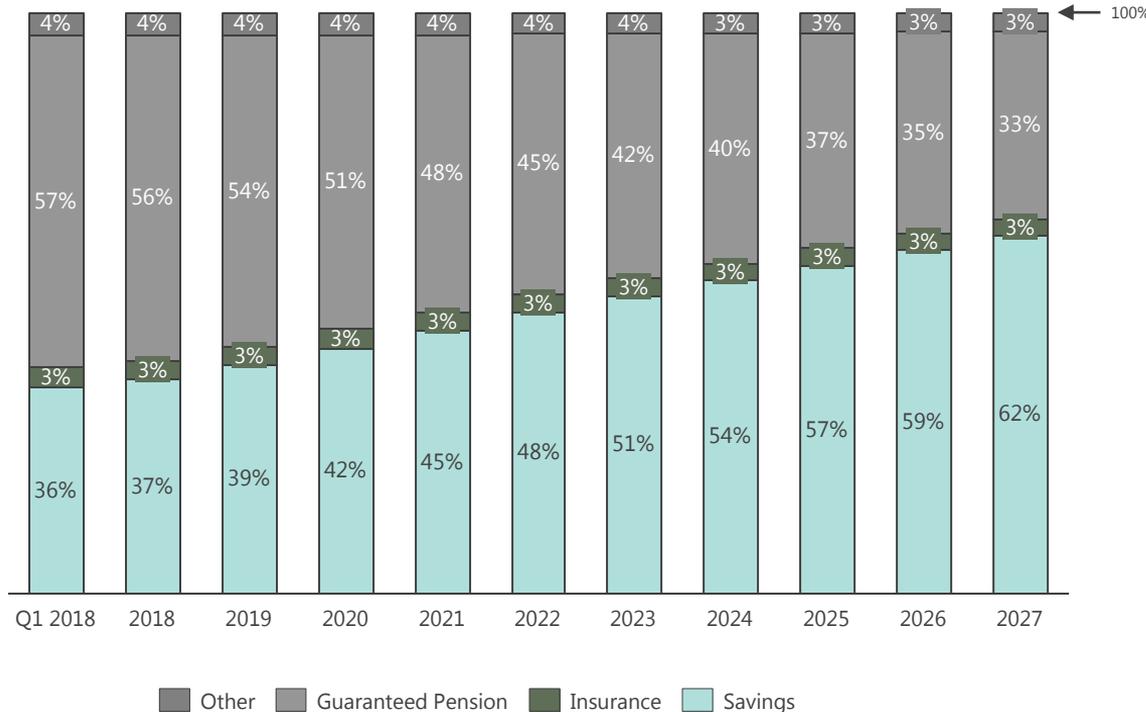
- SII-ratio of 186% excluding Savings and Insurance

ILLUSTRATIVE PRO FORMA ALLOCATION BASED ON 165% SOLVENCY RATIO PR Q1 2018¹



Reduced Solvency Capital Requirement from Guaranteed business

Expected proportion of SCR 2018-2027



- **Guaranteed** products have more financial market risk
- High buffer need to SCR because of high volatility

- **Insurance** products have strong diversification effects
- Medium buffer need to SCR because of low volatility

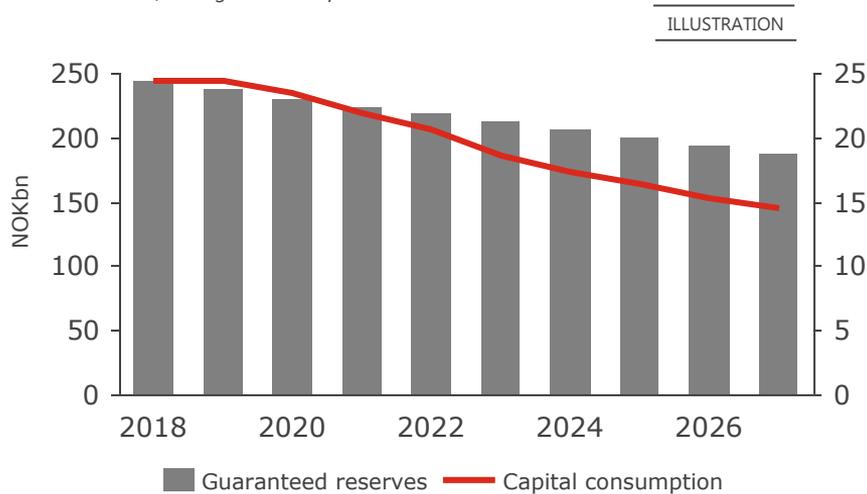
- **Savings** products generates own funds, low need to hold hard capital in the form of equity/sub debt
- Low buffer need to SCR because of low volatility

Guaranteed Back Book:

- reserves and capital consumption has peaked

Estimated reduced capital consumption

Capital consumption includes sum of solvency capital requirement and sum of VIF for all guaranteed products

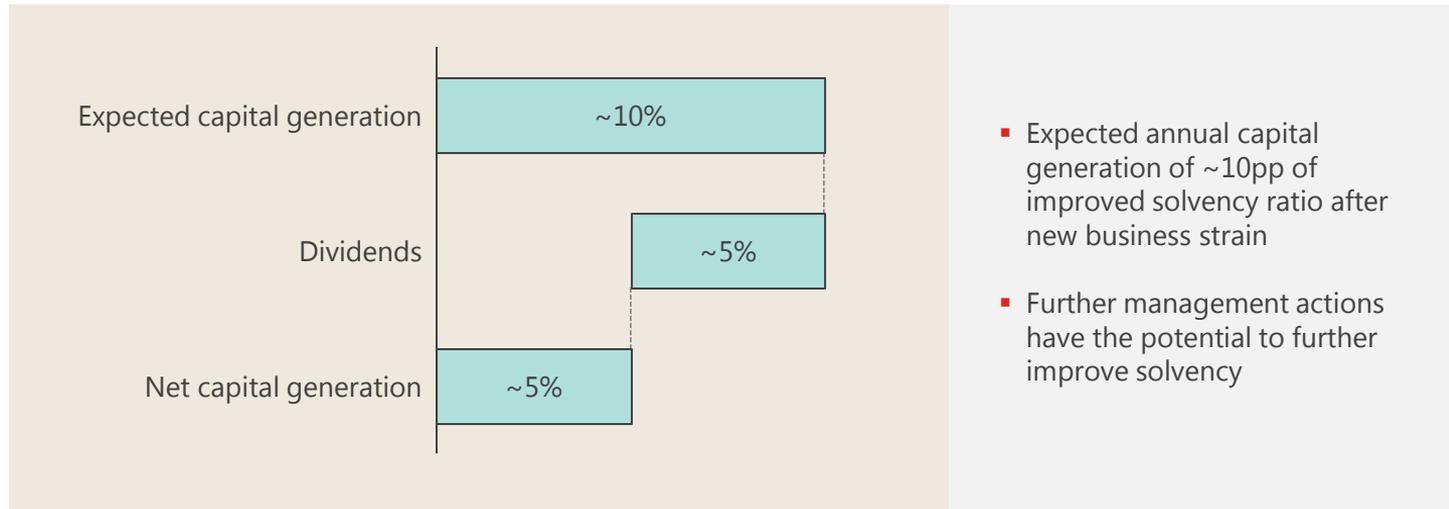


Why reduction in capital need?

- Guaranteed portfolio in run off
 - Average policyholder above 63 years
 - Retirement benefits > premium income and guaranteed return
 - Reduces risk margin and TVOG
- Interest rate guarantee reduced
 - New policies have lower guarantees
- Capital light new sales

Capital generation will increase over time and is sufficient to pay increasing dividends

Annual estimated solvency generation short term (%)¹

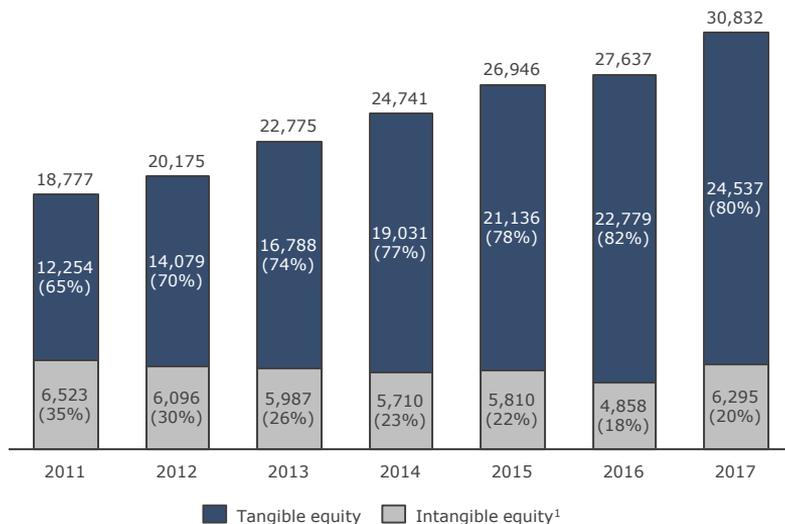


Capital generation expected to increase further with **increased fee based earnings from Savings** and **capital release** from the guaranteed business

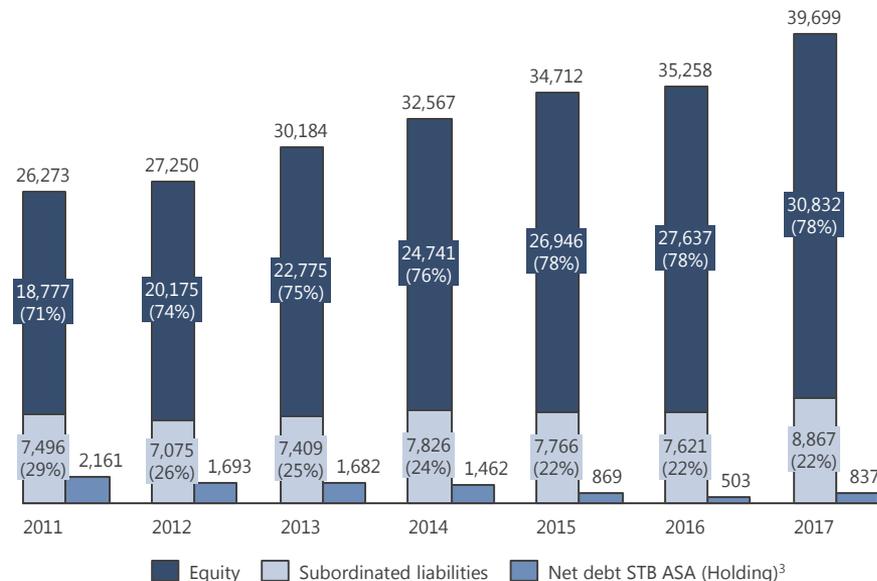
Low leverage and high remittance ratio

Strong Group IFRS equity and capital structure – reduced financial leverage

Group equity (NOK bn)



Group capital structure²



¹ Intangible equity: Brand names, IT systems, customer lists and Value of business-in-force (VIF), and goodwill. VIF and goodwill mainly from acquisition of SPP.

² Specification of subordinated liabilities:

- Hybrid tier 1 capital, Storebrand Bank ASA and Storebrand Livsforsikring AS

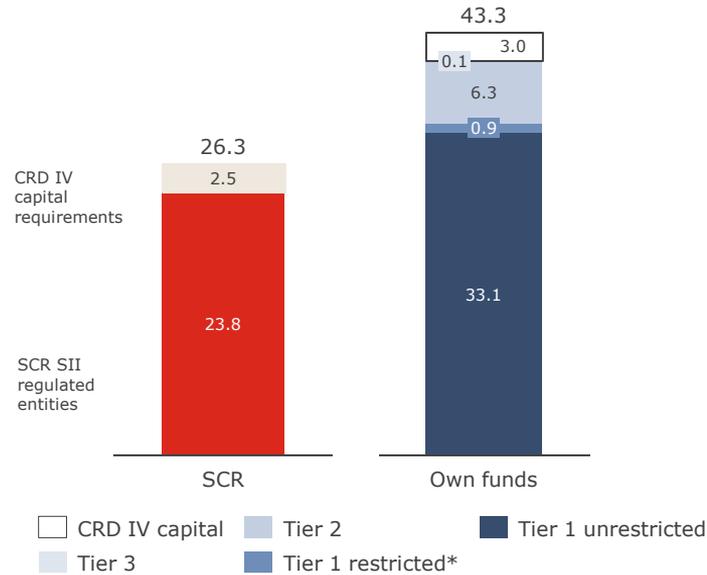
- Perpetual subordinated loan capital, Storebrand Livsforsikring AS

- Dated subordinated loan capital, Storebrand Bank ASA and Storebrand Livsforsikring AS

³ (Senior debt – liquidity portfolio) in holding company shown in separate column as it is not part of group capital.

High quality capital base under Solvency II

SCR and own funds Q1 2018 (NOK bn)

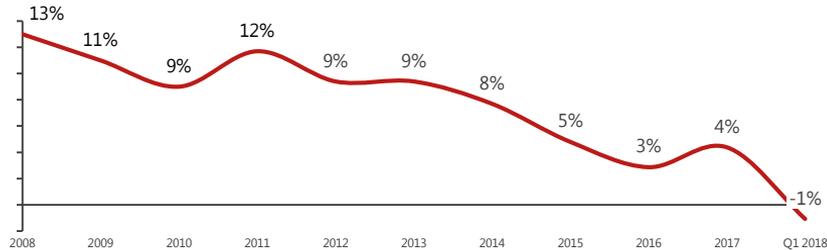


Own funds in % of SCR (excluding CRD IV subsidiaries)

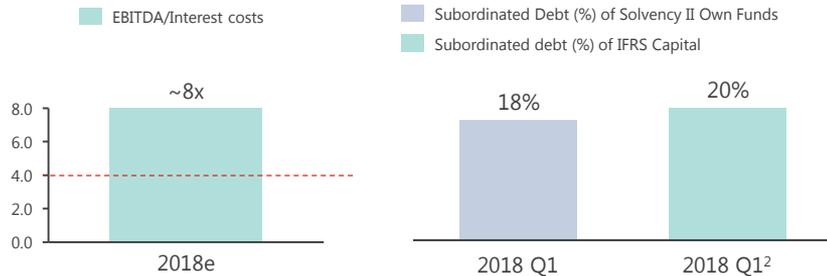
	Regulatory limit	OF % of SCR	OF % of total
Tier 3	≤ 15% SCR	0.3%	0.2%
Tier 2	≤ 50% SCR Σ T2+T3	27%	16%
Tier 1 Restricted	≤ 20% T1	4%	2%
Tier 1 Unrestricted	≥ 50% SCR Σ All T1	139%	82%

Strong liquidity and low leverage

Net debt ratio Storebrand ASA (holding)



Interest charge coverage Storebrand group¹



- Proceeds from subsidiaries have been used to reduce the debt in the holding company and increase the liquidity buffer
- Holding company net debt ratio of 0
- Refinancing of debt at lower credit spreads, both in the holding company and life insurance company, have reduced the overall interest expenses for the group
- Fixed charge coverage ratio close to 8x

High remittance ratio in the Group

	Storebrand Life Group	Storebrand Forsikring	Storebrand Helseforsikring	Storebrand Bank	Storebrand Asset Management	Σ Group ³
Earnings after tax ¹ (NOK m)	1 805	81	39	146	513	2 584
Remittance ² (NOK m)	1 300	81	36	292	535	2 244
Remittance ratio	72%	100%	92%	200%	104%	87%

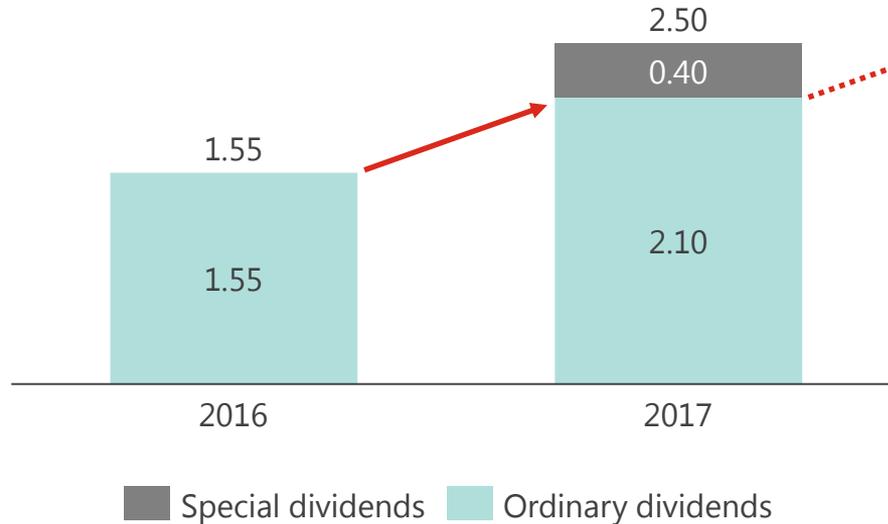
All IFRS earnings **close to cash**

¹ As reported by legal entity
² Upstreamed capital to Storebrand ASA

³ Group sum differs from consolidated earnings since the figure excludes the holding company Storebrand ASA and tax effects

Two sources of free capital
generating shareholder
dividend

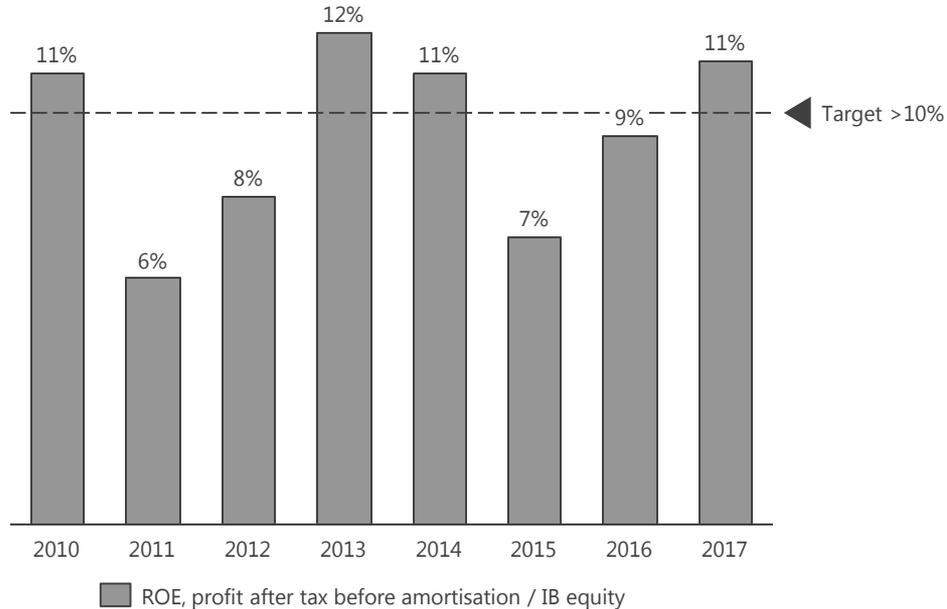
Two sources of free capital for shareholders



- **IFRS result growth** - *Ordinary dividends* minimum 50% of result after tax with nominal growth
- **Capital release** from back book when solvency ratio is above 180% or special positive effects from results - *Special dividends*

Operating IFRS earnings provide the base return to shareholders

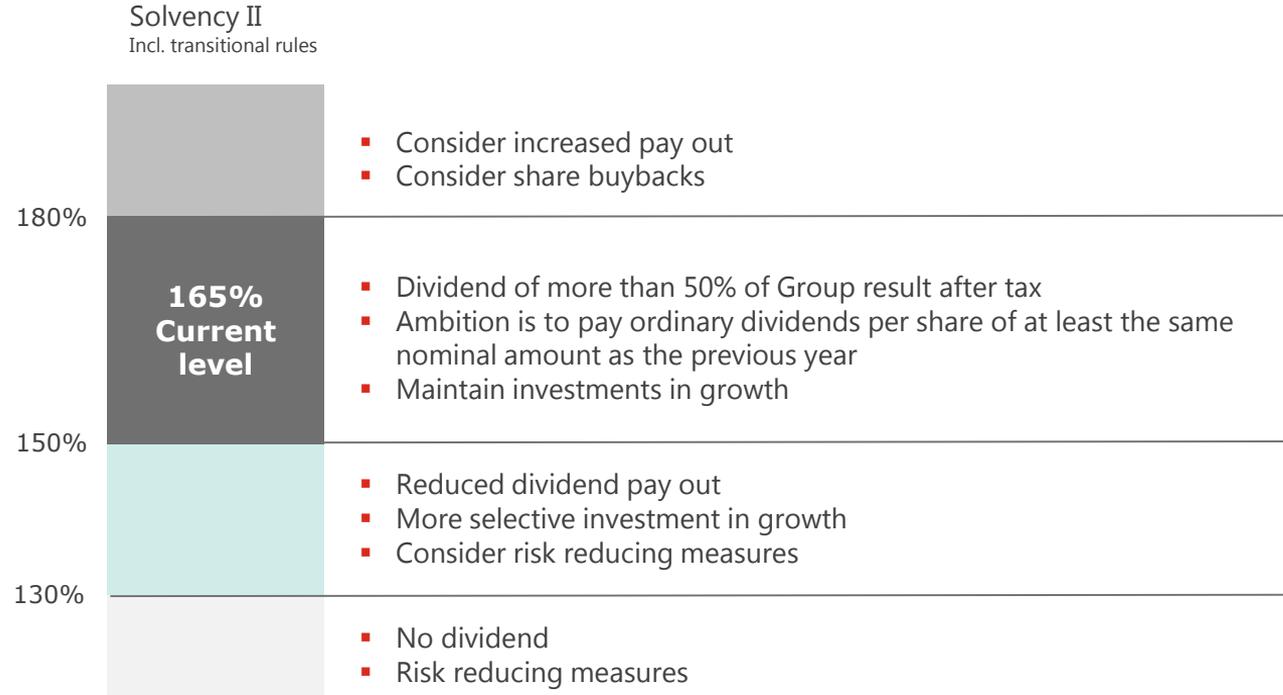
Return on IFRS equity



RoE target of 10% maintained

- RoE target: 10% after tax, adjusted for amortisation
- Increase in equity capital in light of higher capital requirements
- Reduced income from guaranteed pension puts pressure on RoE
- Reduced capital consumption combined with capital light growth will bring RoE >10%

Group capital management policy sets thresholds for distribution of cash dividends



Ambitions Capital – back book has reached peak capital and is expected to contribute with cash together with growing front book

Low case:

Release capital from the business

- Regulatory change
- Lower interest rates
- Margin pressure

Base case:

Release capital from the business

2021

Expected start of capital release as dividends when S2 ratio >180%

~NOK 10 BN

Back book capital release until 2027

High case:

Release capital from the business

- Regulatory change
- Higher interest rates
- Better profitability

Financial Targets

	Target
 Return on equity ¹	> 10%
 Dividend pay-out ratio ²	> 50% & nominal growth
 Solvency II margin Storebrand Group ³	> 150%

Dividend policy

Storebrand's objective is to create attractive and competitive returns for shareholders through dividends and value creation in the business.

Our ambition is to pay stable and growing base dividends combined with special dividends to reflect financial markets volatility and capital release. The expected capital release will lead to increased pay out ratio over time.

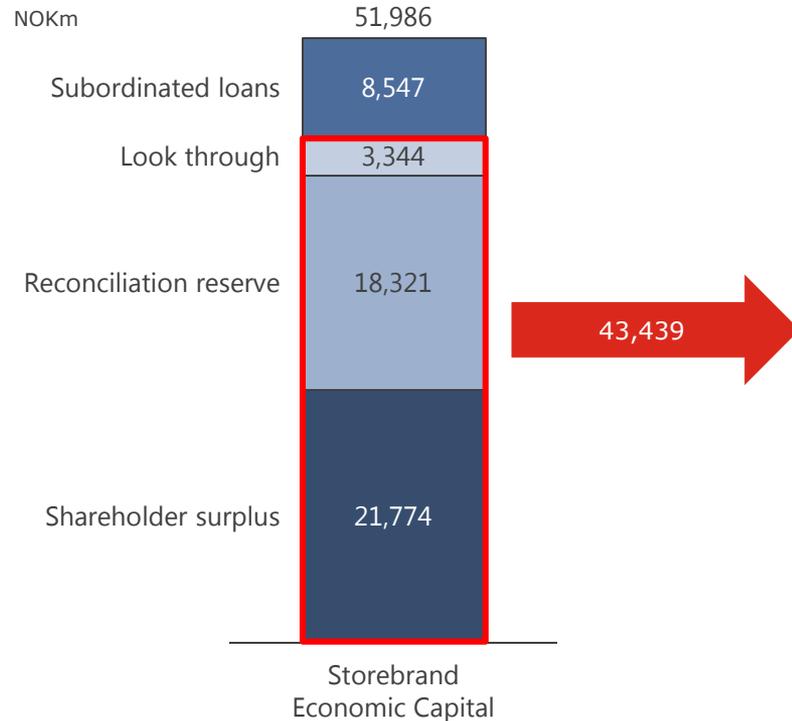
storebrand dividend policy:

Storebrand aims to pay a dividend of more than 50% of Group result after tax. The Board of Directors' ambition is to pay ordinary dividends per share of at least the same nominal amount as the previous year. Ordinary dividends are subject to a sustainable solvency margin of above 150%. If the solvency margin is above 180%, the Board of Directors' intends to propose special dividends or share buybacks.

Appendix

1. Economic Capital Reflects Value of Storebrand's Business today
2. Differences between Solvency II and Economic capital
3. From IFRS to Solvency II Own Funds
4. The Solvency calculation
5. Calculating the value of liabilities under Solvency II
6. Solvency Capital Requirements (SCR)
7. Solvency Capital allocation pr. segment
8. Solvency Capital allocation main life products
9. Assets – High quality hold to maturity bonds
10. Assets – High quality mark to market bonds

Economic Capital reflects value of Storebrand's business today

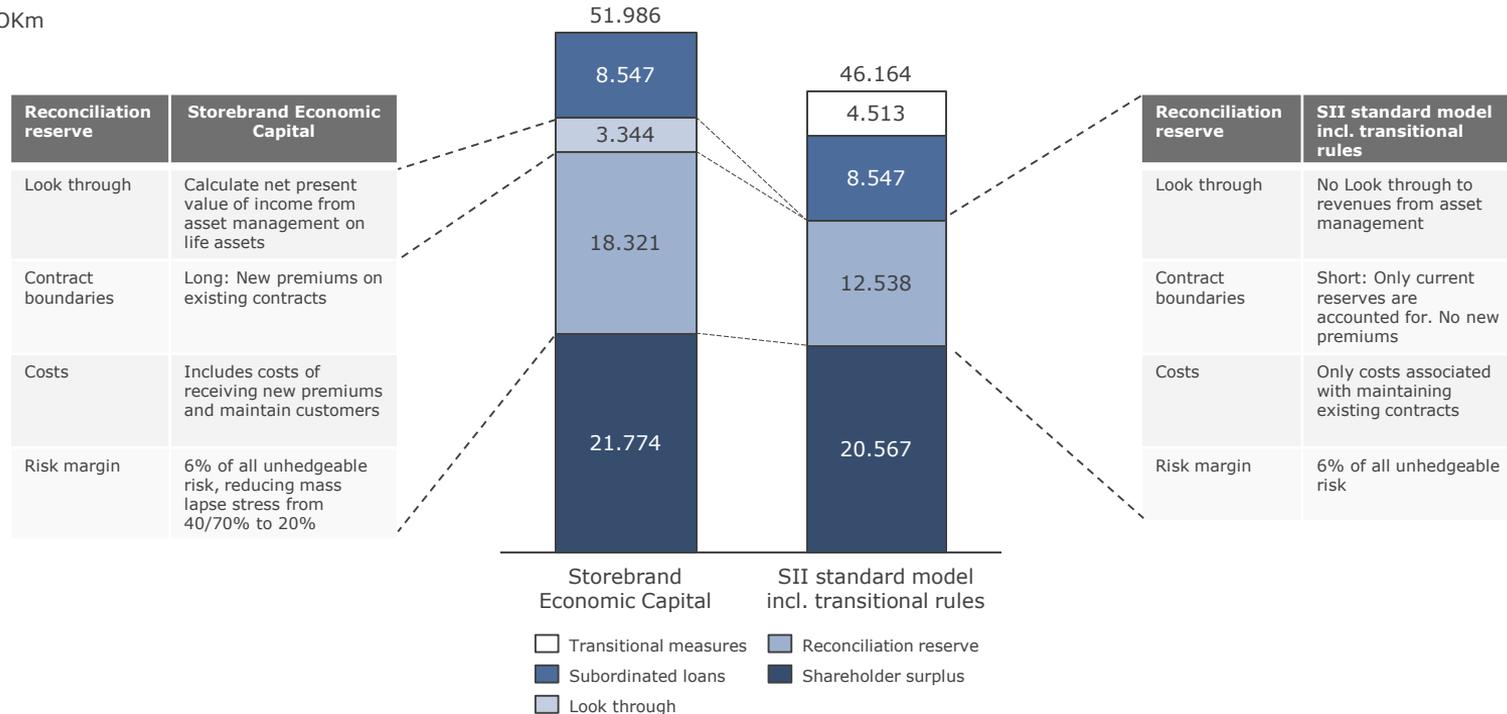


- Storebrand group Group Economic Capital of NOK 43.4bn
- Storebrand Group Economic Capital per share NOK 92.9 per share (NOK 88.0 in 2016)
- Value of new business of NOK 0.8bn

Differences between Solvency II and Economic capital

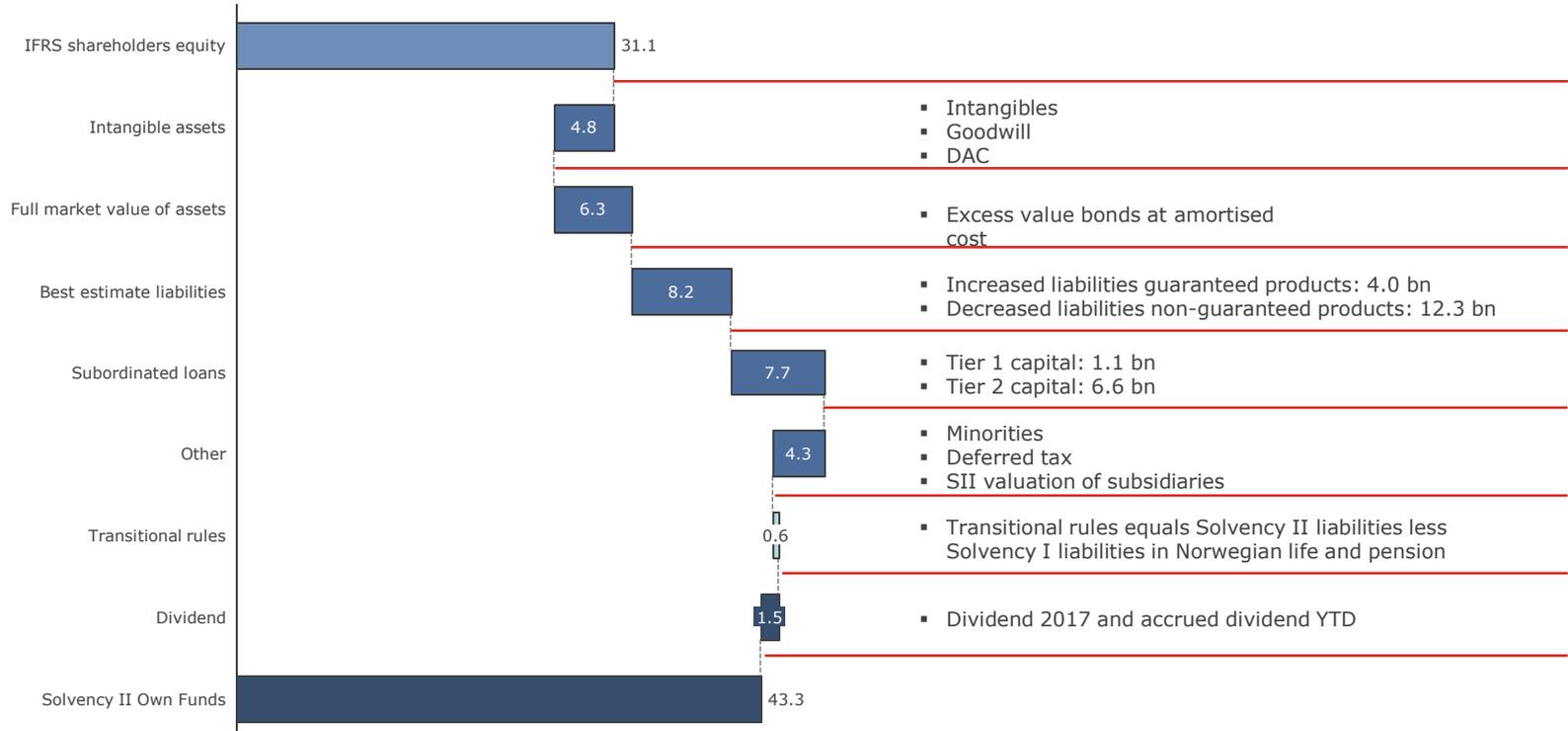
From Economic capital¹ to Solvency II standard model

NOKm



From IFRS Values to Solvency II Own Funds

Moving from IFRS to Solvency II capital (NOK bn)¹



¹ As of 1Q 2018.

The Solvency Calculation – moving to a market consistent balance sheet and risk sensitive capital requirements

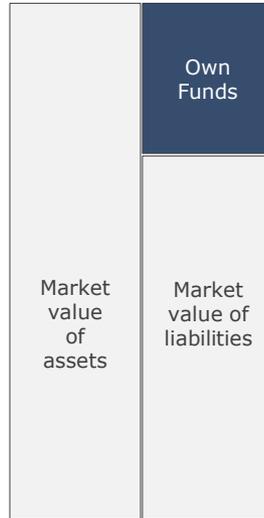
IFRS balance sheet



Moving to economic balance sheet



Solvency II balance sheet



SCR

1 in 200 years shock



Solvency II Balance Sheet under 1/200 years shock



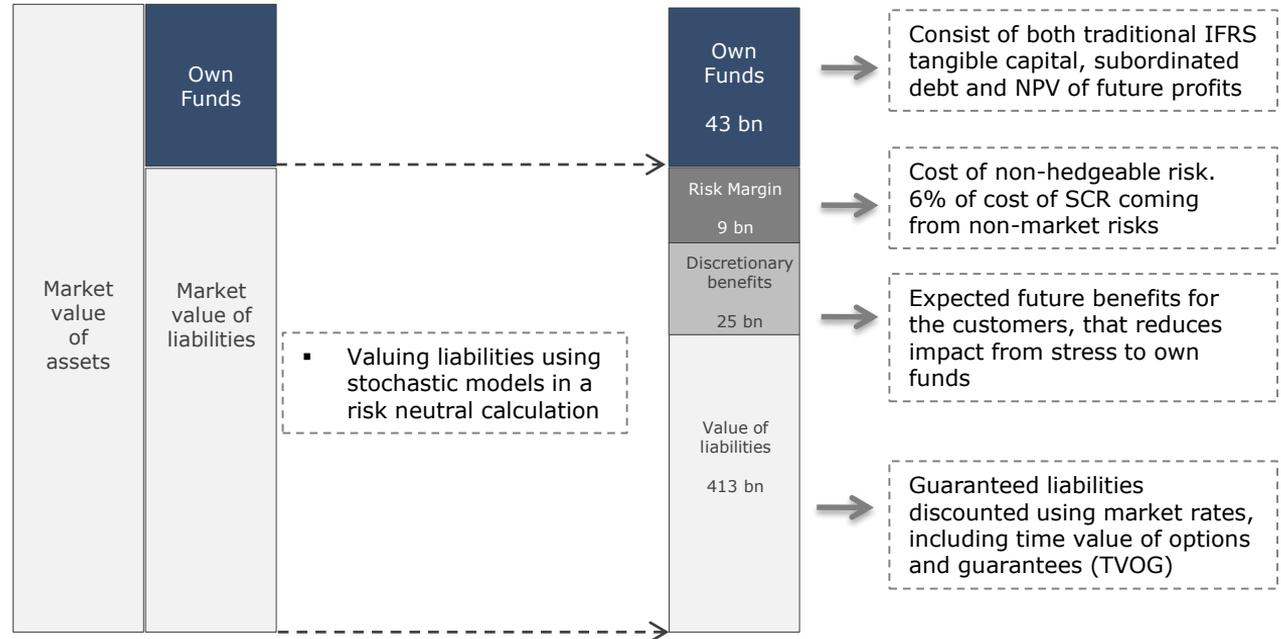
$$\text{Solvency II ratio} = \frac{\text{Own Funds}}{\text{SCR}} = \frac{\text{NOK 43bn}}{\text{NOK 26bn}} = \mathbf{165\%}^1 \text{ (1Q 2018)}$$

¹ Including transitional rules.

Calculating market value of liabilities under Solvency II

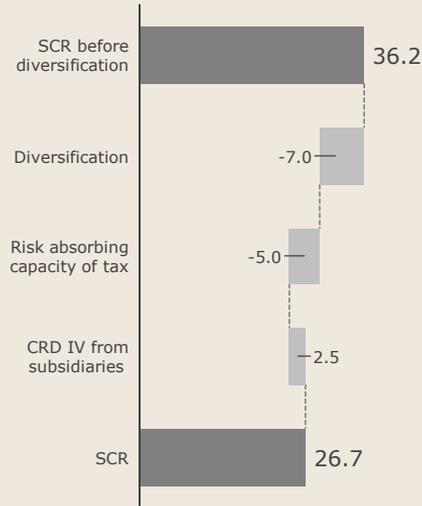
Solvency II balance sheet

- Both assets and liabilities are mark to market
- For assets this means using observable market prices
- For insurance liabilities there is a standardised methodology for estimating the value of insurance customers contracts
- Own funds is the difference between the market value of assets and liabilities



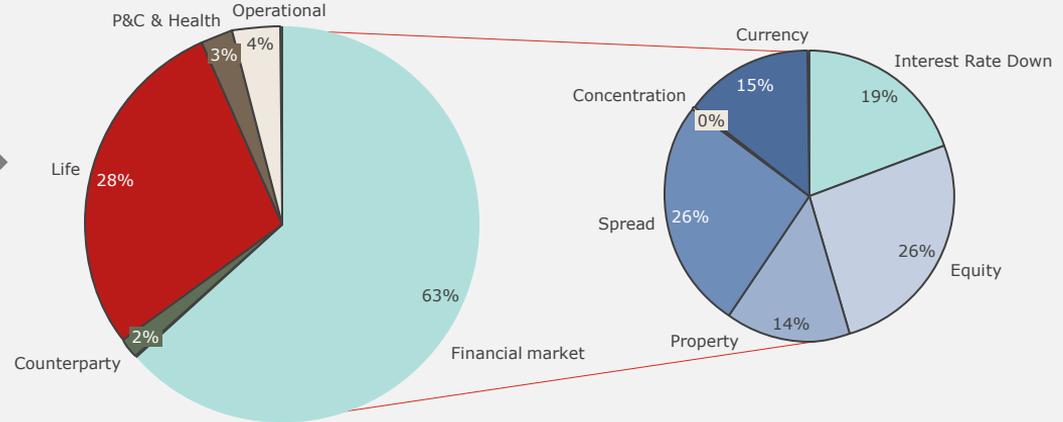
Solvency Capital Requirements (SCR)

SCR calculation Q1 2018 (NOK bn)

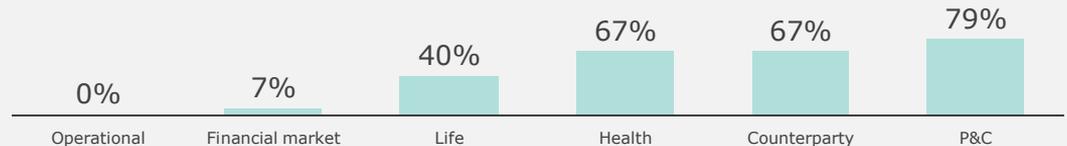


SCR excludes effect of transitionals on equity of NOK -424m.

SCR dominated by financial market risk...

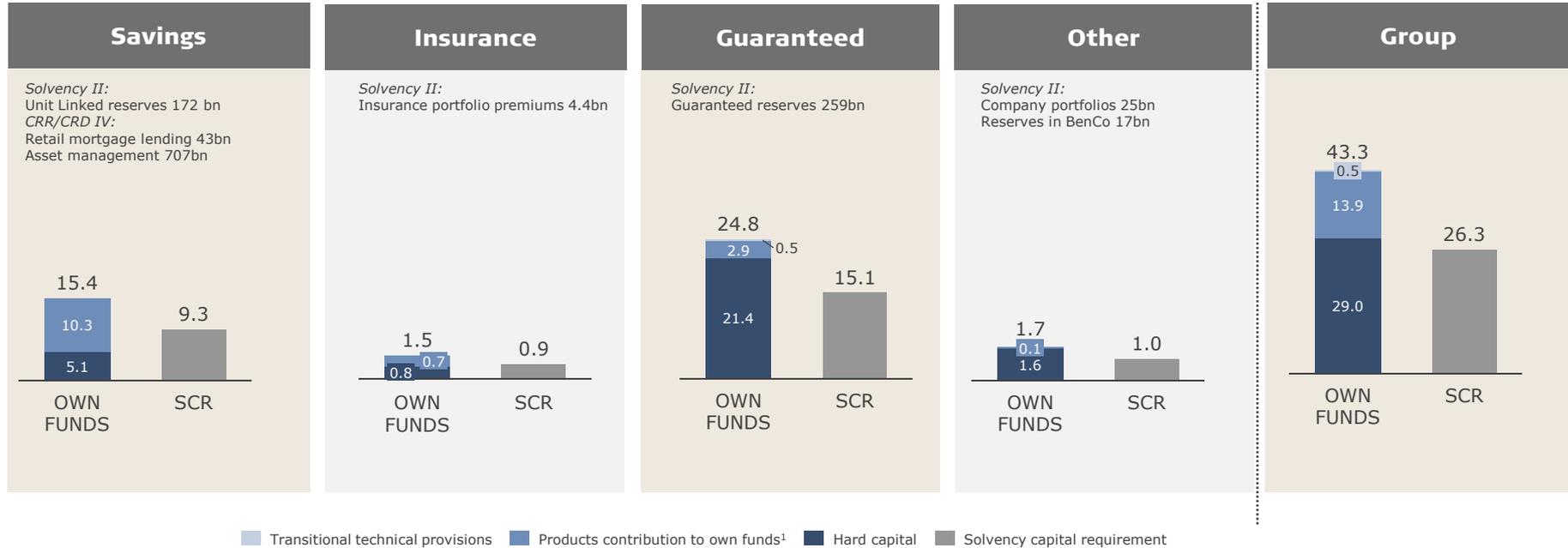


...Strong diversification benefits from adding more insurance risk



Solvency Capital allocation pr. segment

ILLUSTRATIVE PRO FORMA ALLOCATION BASED ON 165% SOLVENCY RATIO PR Q1 2018¹



¹The equity and debt in the Group sits within different legal units. This allocation of solvency capital is done on a pro-forma basis to reflect an approximation to the solvency II capital consumed in the different reporting segments after group diversification. The estimated allocation is based on the capital consumption under SII and CRD IV adjusted for positive capital contribution to own funds. Storebrand has a target of a solvency ratio above 150%. The pro forma allocation of capital is based on the actual solvency ratio pr. Q1 201 of 165%, 5% points is made up of transitional capital allocated to guaranteed segment. Hard capital is defined as paid in and earned equity, subordinated debt and other tangible capital elements. Products contribution to own funds in Guaranteed includes positive contribution from deferred capital contribution (DCC) in the Swedish business.

Solvency Capital allocation main life products

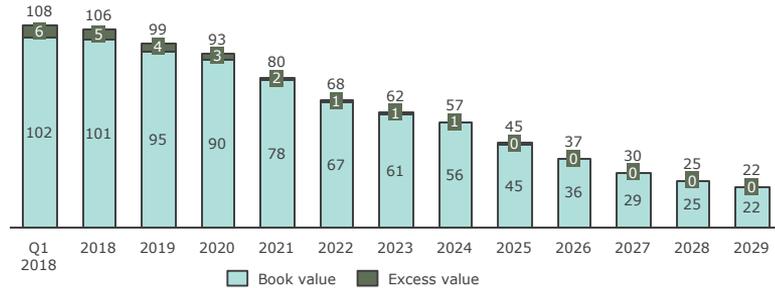
ILLUSTRATIVE PRO FORMA ALLOCATION BASED ON 165% SOLVENCY RATIO PR Q1 2018¹

	Reserves (NOK bn)	Contribution to Own Funds (‘VIF’)	SCR	Solvency ratio – before use of hard capital	Hard capital to have 165% ¹ Solvency ratio (NOK bn)	Run off/ Growth
Defined benefit & Paid up policies	154	1%	6%	~10%	14.7	RUN OFF
High guarantees Sweden	64	2%	6%	~30%	4.7	RUN OFF
Low guarantees Sweden	15	5%	5%	~100%	0.5	GROWTH
Unit Linked	172	6%	4%	~140%	1.5	GROWTH

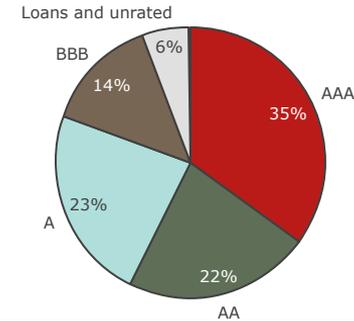
High quality fixed income I

- High return, long duration bonds hold to maturity bonds¹

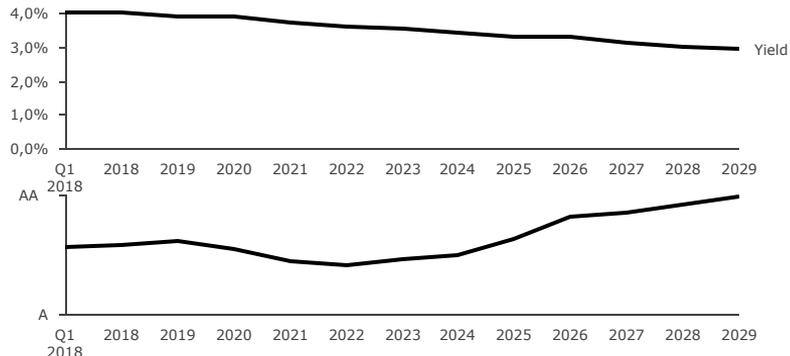
Market & book value – no reinvestment (NOKbn)



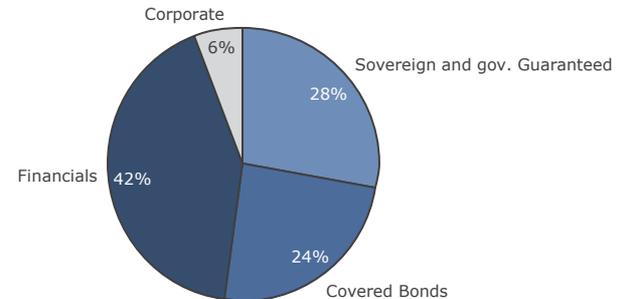
Rating distribution (%)



Yield and rating development – no reinvestment



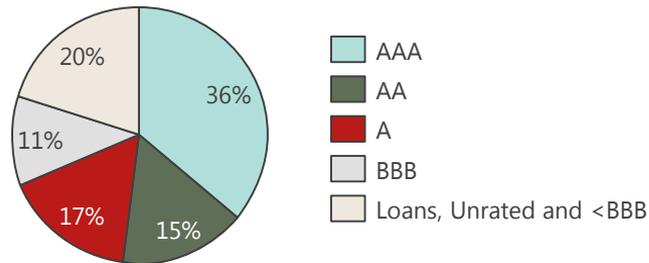
Sector distribution (%)



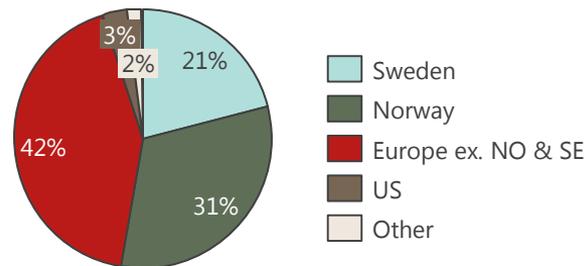
High quality fixed income II

- Well diversified mark to market bonds¹

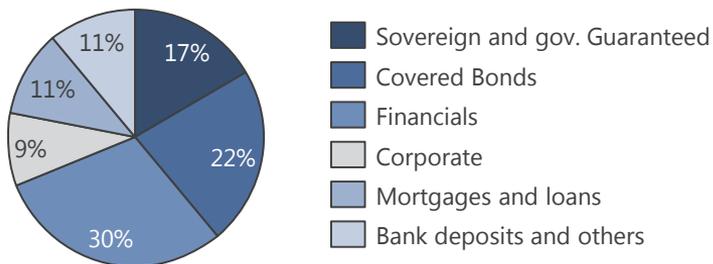
Rating distribution (%)



Geographical distribution (%)



Sector distribution (%)





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Our Vision

Recommended by our customers

This document contains Alternative Performance Measures as defined by the European Securities and Market Authority (ESMA). An overview of APMs used in financial reporting is available on storebrand.com/ir.